# FINANCIAL TIMES

No. 25,583 Wednesday October 20 1971 ** 6p



## News Summary

### STER

## Visit nternee amp' ffer

mid-Ulster MP Bernadette lin yesterday disclosed a me for a civil disobedience paign in London to protest ust alleged torture of Ulster rnees. Stormont Premier lkner announced plans for a by an all-party group of ment MPs to one of the rnee camps.

he visit to the camp, at Long h, Co. Antrim, would take e as soon as names were put ward by the parties, said Mr. lkner.

### ess target

London, Miss Devlin said ible occupation of Govern- t buildings was included in test plans. The protesters' target would be Fleet Street ause of the "abject and berate failure" of the British ss to report events factually. was planned to hold a rally side the Daily Express build- to-morrow.

eanwhile, three opposition ter MPs, John Hume, Austin rie and Paddy O'Hanlon, ted a 48-hour hunger strike ide 10 Downing Street in pro- against the Government's dling of the Ulster crisis.

In the Commons, Home Secre- Maudling said a statement brutality allegations would be le to the House as soon as the mpton inquiry report was dy. Page 8.

### E2 arms find

the Republic the search con- for a man named Welsh eved responsible for the ment of rifles, revolvers and munition discovered in six e suitcases unloaded at Cobh m the QE2 when it arrived m New York.

### loods close ain roads

e of the worst storms for ral years caused flooding and age in several parts of tain. Manchester had its iest October rainfall since ords began in 1877. And the into the city was five inches er water. Rain also forced ers off the M1 in Derbyshire the main A365 over the nines was closed.

inds gusting to 60 m.p.h. ed power failures in South- Kent and shop windows in l High Street were blown in.

### aby Denise: girl iled for 3 years

line Margaret Jones, 23, who k Denise Weller from her m at Harlow to take the place baby she lost through a mis- riage, was jailed for three rs at Essex Assizes. Jones, an nvent girl from Hull, took se on July 30 after being ed by her boyfriend.

### omb at builders

lding workers at a strike-hit e in Birmingham were ques- ed by police after an losion damaged the home of Chris Bryant, 48-year-old rman of C. Bryant and Sons, lders, at Knowle, near hull, Warwickshire.

### osygin booed

ngarian-born Geza Matrai has n remanded in custody in awa accused of assaulting Mr. ygin. Later, Jewish youths rabbis booed Kosygin as he t to meet Canadian Premier deau.

### iefly . . .

ents, demanding the release imprisoned Soviet Jews, nonstrated at a Russian stand he Motor Show but attracted attention than a naked girl, ed, advertising a radio. The or Show, Page 14.

mes of violence known to police in England and Wales year totalled 41,088, an in- ase of 3,270 on 1969.

stoms officers are to be ipped with a pocket-size kit : will detect dangerous drugs n in the smallest quantities.

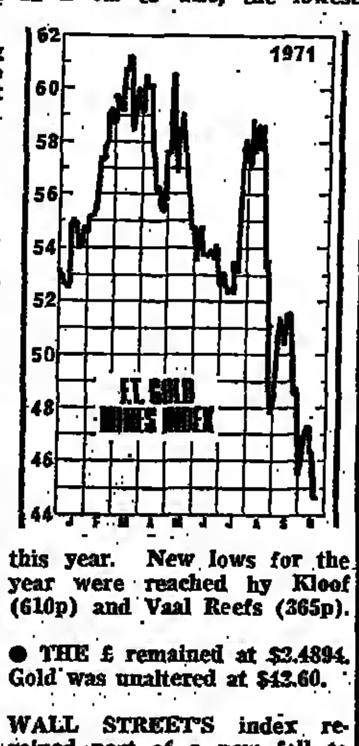
### BUSINESS

## Heavier trading: gilts dull

● THOUGH EQUITY leaders gave some ground—the index lost 0.5 at 415.2—the Allied Breweries approach to Trust Houses Forte led to much business in speculative shares and the dealings total rose to 14,208, highest for three months.

● GILTS met with profit-taking; losses ranged to ½.

● GOLD SHARES further small losses sent their index down 0.2 to 44.6, the lowest




this year. New lows for the year were reached by Kloof (610p) and Vaal Reefs (365p).

● THE £ remained at $2.4894. Gold was unaltered at $42.60.

WALL STREET'S index regained part of a new fall to end 4.01 down at 868.43.

● EXCHANGE RATE adjustments needed to solve the U.S. balance of payments problem would be helped by some increase in the world economy's rate of expansion. He disclosed that the OECD forecasts higher growth rates for the U.S. and six other industrial nations. Back Page

● CUNARD STEAM-SHIP, parent company of the Cunard group under Trafalgar House, is to have a new managing director, Mr. Norman Thompson, who has been operating Cunard's cargo side. This is one of several changes announced or forecast by Mr. Victor Matthews, chairman and chief executive. Four directors are leaving the Cunard Board. Back Page

## Electricity pay demand

● ELECTRICITY SUPPLY workers' unions are expected to demand increases of £2 to £3 a week, a reduction in the working week (probably from 40 to 38 hours) and an extra week's holiday. Industrial action is threatened by some sections in the industry. Back Page

● PROTECTION FOR HOLDERS of property bonds and equity-linked life assurance schemes is inadequate under present legislation; the need is for some form of regulation with increased disclosure of information, more control over advertising and the appointment of independent trustees. So says the memorandum of the Stock Exchange Council to the Scott Committee. Back Page

● U.S. PRODUCTION ROSE 0.5 per cent. in September, the first increase for four months. It reflects largely an improved iron and steel output.

President Nixon's legislation sent to Congress yesterday for Phase Two of his programme includes a year's extension of pay-prices control and new authority to control interest rates. Page 5

● TRIDENT TELEVISION reports pre-tax profit of £1.95m. for its first year as a unified company, against a forecast of £1.6m. An 18 per cent. final makes 25; the forecast was 15.

Rediffusion Television final of 13½ per cent. lifts the total to 20 (8½). Including the half-share of Thames TV pre-tax profit is £2.9m. (£1.0m.). Page 31; Lex

# Shadow Cabinet firm on three-line whip

BY JOHN BOURNE, LOBBY EDITOR

MR. Harold Wilson and Mr. Bob Mellish, the Labour Chief Whip, are understood to have decided to issue a three-line whip to Labour MPs asking them to oppose British membership of the Common Market on the terms negotiated by the Government. The decision will be announced by Mr. Mellish to the Parliamentary Labour Party to-morrow night.

This will not surprise Labour's pro-Marketeers, nor deter them, for it was clear after yesterday morning's meeting of the PLP that a three-line whip was inevitable.

The important point for them was that at this meeting the Government's decision to allow its own back-benchers a "free vote" on the Common Market, encouraged nearly half the Labour Party to urge Mr. Wilson and Mr. Mellish to follow suit.

## Even-tempered

Yesterday's PLP meeting was remarkably even-tempered, and so, too, was last night's session of the "shadow Cabinet. However, there was an extremely bitter discussion earlier yesterday morning when Mr. Douglas Houghton, the party's respected chairman, strongly attacked his old ally, Mr. James Callaghan, for changing from the pro-Market camp to become a spokesman for the anti-Marketeers.

The only snag for Mr. Wilson at the evening "shadow" Cabinet was that he failed to persuade his colleagues to accept an amendment to the Government's Common Market motion to be debated in the Commons. His amendment, he said, would call for an immediate General Election.

Mrs. Shirley Williams, a leading pro-Marketeer, then suggested that Mr. Wilson's amendment should be broadened into a condemnation of the Government's domestic policies. But Mrs. Barbara Castle and other anti-Marketeers said that this would be regarded as a "get-out" for the European MPs in the party—enabling them to demonstrate their hostility to the Government in general before supporting it on the Common Market in particular.

## Election call

The proposal was then dropped, although the "shadow" Cabinet agreed to table a Commons motion next month registering the Opposition's demands for an Election.

At the PLP meeting, the move to have a "free vote" on the Common Market was defeated only narrowly—by 140 votes to 111—and Labour pro-Marketeers feel they are now in a much stronger position to support British entry at the end of the Commons debate on Thursday night next week.

They are also happy with the result of the other important vote at the meeting. The party's Europeans mustered 87 votes for a proposal that it would be better to accept the present entry terms than to abandon Britain's application—"an opportunity for entry, strongly sought for by the last Labour Government, which could not recur for many years."

They were defeated of course—by 151 votes to 87—but they have established that they represent a strong minority of opinion in the Parliamentary party. This, too, will help to bolster the determination of the 50 or more Labour MPs who say they intend to support British entry.

For Mr. Harold Wilson, who was re-elected unopposed as party leader in the middle of yesterday's meeting, the Government's stratagem is a considerable embarrassment. His MPs can now be portrayed as being split and in disarray. It is doubtful that anything like 111 Labour MPs would have supported the idea of a free vote had it not been for the Government's initiative.

Mr. Mellish is also in some difficulty. He will have the unenviable task of trying to operate a three-line whip on 111 members, of whom some will rebel while the rest will be only reluctant recruits or pressed men.

The pro-Marketeers are also relieved at the signs they had yesterday that there would be no deliberate witch-hunt against them in the Parliamentary party. Mr. Mellish said that the party was "more tolerant and permissive than it used to be"; even Mr. Frank Allaun, one of the Left-wing Tribune group, said that he was not in favour of "expelling anyone."

However, Mr. Roy Jenkins and his colleagues have no illusions that their cunning action will be forgiven or forgotten. There were hints of this at yesterday's meeting, but no one came into the open with the threat of the sanctions which exist.

The first of these is next month's ballot box in the PLP elections for the deputy leadership and the "shadow" Cabinet. The second and more dangerous sanction is that, by refusing to support the Labour whip on the Common Market, some of the pro-Marketeers might run a real risk of not being readopted by their constituency parties for the next General Election.

## Tolerance

The Government's decision not to whip its own back-benchers has let Labour's Europeans partly off the hook—at least to the extent that they can argue that, by voting for entry, they are not in fact voting to keep the Government in power.

In constitutional and Parliamentary terms, this is a nice point, but it is a rather sophisticated one for an MP to plead to his General Management Committee in the constituency. For the local party worker, the most heinous crime in the book is for an MP to help "a discredited Tory Government out of its difficulties."

Meanwhile, two important points about the Government's decision have become clearer. First, every Minister will of course go into the Government's lobby next week and the whips will continue to use every act of persuasion to bring as many back-benchers into the lobby too.

In this sense, the "free vote" has distinct limitations.

Second, there is some evidence that the Government has been inclined to employ the device ever since July, but deliberately discouraged speculation that it would do so. This, it is said, was because of the need to build up the maximum pressure against Tory anti-Marketeers during this summer.

## Intentions

But whatever the real truth about the Government's original intentions, two things are plain. Throughout the summer, public opinion obstinately refused to support British entry and more and more Tory MPs reported that their constituents wanted Parliament to have a free vote. They repeatedly drew attention to Mr. Heath's undertaking during the General Election—which has created some difficulties for him—that Britain would not go into the Common Market without the "full-hearted consent of the British Parliament and people."

Having ruled out a national referendum, the free vote was the only way in which Mr. Heath could give flesh to that pledge.

Editorial Comment, page 20

# Denmark puts 10% surcharge on imports

BY OUR OWN CORRESPONDENT

COPENHAGEN, Oct. 19.

THE NEW DANISH Social Democratic minority Government, in its first meeting with the Folketing (Parliament) has announced a 10 per cent. import surcharge on almost all goods apart from raw materials and unprocessed foods.

The surcharge will remain in effect until March, 1973, but it will be reduced to 7 per cent. next June and to 4 per cent. from January, 1973.

The measure was given its first Parliamentary reading this evening and will be enacted to-morrow, all going well. There seems little chance, however, that the measure will run into serious trouble. The Opposition have expressed doubt about its necessity but they are not likely to oppose it very strongly. The Government has taken the shock measure in an attempt to shore up Denmark's sagging foreign exchange position.

"Our main problem is to finance our payments deficit," said Mr. Henry Gruenbaum, Finance Minister, "we cannot continue with a gross short foreign debt of Kr.13,000m. matched by reserves of only Kr.3,000m."

## Deficit

Financing the current balance of payments deficit has become an acute problem for the Danish Government as a result of the international monetary crisis, which makes it unlikely that the Social Democrats will be able to convert much of the short-term debt into long-term loans, the plan they announced in their election propaganda.

Countries which will suffer most from the import surcharge are Sweden, West Germany and Britain, but the measure is non-discriminatory and applies to everyone.

The Government is informing EFTA and GATT as well as other governments of its step and is well aware of the illegality of the measures. But Mr. Gruenbaum said the surcharge would improve the international competitive position of Danish industry.

It comes against a background of a current deficit in every year since 1963 and now running at between Kr.3,500m. and Kr.4,000m. a year, while the trade deficit last year was over Kr.8,000m. and will only be slightly improved this year.

Products exempted from the tariff besides fresh foods, coffee, cocoa, tea and industrial raw materials, include fuel oil, newsprint and ships and aircraft.

The running down of the tariff will coincide rather nicely with the trade drive which Britain is holding here in 1972, in which the main emphasis will be on investment goods.

Strong opposition to the measure was expressed this evening by business leaders. A delegation from the Federation of Industries told the Government this evening that it could be a boomerang for exports. They said the tariff would lead to an increase in costs for industrial production and they expressed concern about the possible response of other nations. They also regretted that capital goods had not been excluded from the tariff. They said this would hinder industrial investment and make Denmark's adjustment to membership of the Common Market more difficult.

## EEC worried

● In Luxembourg, where the Common Market Ministerial Council was meeting, the Danish surcharge was met with astonishment and distress. The Community's Foreign Ministers immediately held a quick discussion of the Danish move.

Apart from its effect on Community exports, the Six are afraid that the Danish move could undermine their efforts to secure the abolition of the U.S. import surcharge.

In the heat of the moment, some officials even said the Community should break off the entry negotiations with Denmark for as long as the surcharge lasted. But the majority were urging restraint until the full implications had been studied.

In separate comments France and West Germany said the decision would not change their own external policies.

● In Geneva, the European Free Trade Association (EFTA) will urgently consider Denmark's decision to impose a 10 per cent. import surcharge which will affect its trade with other EFTA countries, an EFTA spokesman said, after an extraordinary meeting of the EFTA Council.

He said the subject would be discussed at the weekly meeting of the council on Thursday.

The General Agreement on Tariffs and Trade (GATT) said it would discuss the surcharge at its next council meeting on November 9. A spokesman said Denmark informed GATT Director General, Mr. Olivier Long, of the measure, but declined to comment.

## U.K. trade

● Ian Davidson writes: British exports to Denmark last year totalled £220m., or approximately 2½ per cent. of Britain's total exports. Unlike most of Denmark's leading trade partners, Britain imports more from Denmark than she exports. In 1970 British imports from Denmark came to £275m. (Danish statistics suggest that trade between the two countries is more nearly in balance than British figures indicate.)

During the first eight months of this year, British exports to Denmark totalled £151m., while imports from Denmark reached £192m.

# Farm workers disappointed at 8% pay rise

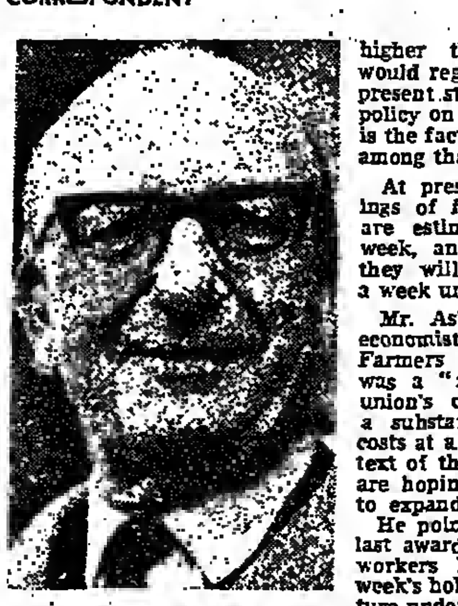
BY MICHAEL HAND, LABOUR CORRESPONDENT

BRITAIN'S 350,000 farm workers were last night awarded pay increases which it is estimated will increase average earnings by 8.2 per cent. and will cost farmers and growers about £20m. in a full year. Disappointed union leaders complained that the increases would not even cover the rise in living costs since the last wage award.

The basic rate for an adult male worker will be raised by £1.40 to £16.20 for a 42-hour week and there will be proportionate increases for women and young workers.

However, the cost of this award will be slightly off-set by the fact that in future farmers will be permitted to deduct from wages a maximum of 50p a week in rent from workers living in tied cottages, instead of the present 30p. About half the 195,000 full-time workers live in tied cottages and could be affected by this decision, which is estimated to be worth between £500,000 and £750,000 to the farmers. In addition they are also being allowed to increase the deduction for cheap milk from 2p to 2½p a pint.

The National Union of Agricultural and Allied Workers had lodged a 23 per cent. claim under which they wanted a £3.20 increase on the basic rate to raise it to £18; a 40-hour, five-day week and double-time instead of time-and-a-half for week-end and bank



Mr. Reg Bottini

holiday work. Farmers estimated the cost of this claim at about £105m. The demands for shorter hours and improved overtime pay were rejected.

The additional £1.40 on basic rates is an increase of 9½ per cent. The increase for those workers who will have to pay higher rent will be 8.1 per cent. A figure of 9½ per cent. is rather higher than the Government would regard as ideal under the present stage of its de-escalation policy on wages, but against this is the fact that farm workers are among the country's lowest paid.

At present the average earnings of full-time farm workers are estimated to be £20.80 a week, and it is expected that they will rise to about £22.50 a week under the present award.

Mr. Asher Winegarten, chief economist of the National Farmers Union, said the award was a "fair response" to the union's claim. "It represents a substantial addition to our costs at a time, when in the context of the Common Market, we are hoping to have the finance to expand production," he said.

He pointed out that since the last award in January the farm workers had gained an extra week's holiday and a wages structure under which from next May skills will be rewarded by extra pay. The cost of these to the industry was about £10m.

However, Mr. Reg Bottini, NUAAW general secretary, said of the award: "This absolutely minimal proposal was made against our vote. It does not even match the rise in costs since the last award. Our members are bound to be sadly disappointed."

The first proposal by the farmers at yesterday's meeting of the Agricultural Wages Board was for a £1 increase on basic rates. They later raised this to £1.20 but it was not until they proposed £1.40 that they got the support of the five independent members of the Board. The farmers are also believed to have wanted the maximum permitted deduction for tied cottages to be £1 and for milk 3½p.

If the award is confirmed as expected at a meeting of the Board on December 9 it will come into effect on January 17 next year.

The autumn wages queue, Page 20

# THF up 23p on the day

BY SANDY McLACHLAN

TRUST HOUSES FORTE was easily the most actively traded stock on the London market yesterday following Monday's announcement of the bid approach from Allied Breweries. No less than 42 bargains were marked, and the shares finished with a gain of 23p on the day at 178p. The group is now capitalised at more than £140m., an increase of £40m. since the Allied announcement on Monday afternoon.

Top executives of THF met yesterday to discuss the takeover approach. However, no formal Board meeting was held, and there is no indication yet as to whether the THF Board will support a merger with Allied in principle, or even whether the two factions within the boardroom will be able to agree on a united line.

Allied Breweries is now awaiting the initial reaction from THF to their proposal of merger talks; and the feeling at Allied is that the next move must lie with the THF Board under chairman Lord Crowther and chief executive Sir Charles Forte.

As usual, the Department of Trade and Industry was guarded in its comments about the possibility of any reference to the Monopolies Commission. A spokesman yesterday said only that the DTI was naturally taking an interest in the situation as the proposal would qualify for a reference since it involved assets in excess of £5m.

## ON OTHER PAGES



## FLOATING £

| | £= Oct. 19 | % change since Aug. 13 | on par value |
|---|---|---|---|
| U.S. $ | 2.48 11/16 | +2.9 | +3.7 |
| Can. $ | 2.49 13/16 | +2.0 | −3.7 |
| Dutch fl | 8.34½ | −0.3 | −3.9 |
| †Belg. frs. | 116.42½ | −3.0 | −3.0 |
| D-Mark | 8.26½ | +0.8 | −5.9 |
| It. lire | 1,524 | +1.5 | +1.6 |
| ‡French frs. | 13.79¾ | +3.5 | +3.5 |
| Jap. yen | 821 | −5.0 | −5.0 |
| Swiss frs. | 9.89½ | +0.7 | +0.9 |

Reuter revaluation index of the ten key non-dollar currencies against the U.S. $ is 7.2 per cent.

* This is Reuter's compilation of the rise of the following currencies against the $ since May 10, 1970, before the Canadian float, weighted by each country's share of U.S. export-import trade in 1970: Canadian dollar; Japanese Yen; D-Mark; Sterling; Italian Lira; French Commercial Franc; Dutch guilder; Belgian franc; Swiss franc; Swedish Kronor.

† Convertible. ‡ Commercial.

New York close

| — | Oct. 19 | Previous |
|---|---|---|
| New York (Spot) | $2.4890-4894 | $2.4895-4898 |
| Do. (1 month) | 0.24-0.27prem | 0.34-0.38prem |
| Do. (3 months) | 0.85-0.89prem | 1.14-1.18prem |
| Do. (12 months) | 0.60-0.65prem | 0.85-0.90prem |



## CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| n Services | 83 | + 8 |
| ed Suppliers | 272 | + 8 |
| ari | 100 | + 5 |
| ish Car Auctions | 95 | + 7 |
| ish Syphon | 200 | + 15 |
| oride Electric | 145 | + 5 |
| e Holdings | 645 | + 20 |
| al (J.) | 177 | + 9 |
| on (J. & J.) "A" | 87 | + 11 |
| Ellis (Kensington) | 98 | + 6 |
| EMI | 170 | + 6 |
| Galliford Estates | 157 | + 12 |
| Glaxo | 404 | + 17 |
| Hawker Siddeley | 222 | + 8 |
| Hestair | 148 | + 10 |
| Johnson Matthey | 308 | + 20 |
| Ladbroke | 345 | + 20 |
| Laporte Industries | 90 | + 7 |
| Oddenino's | 386 | + 11 |
| Stowe and Bowden | 11½ | + 2½ |
| Trust Houses Forte | 178 | + 23 |
| York Trailer | 152½ | + 8½ |
| Attock Oil | 100 | + 8 |
| Ultramar | 276 | + 7 |

FALLS

| | | |
|---|---|---|
| Alliance Props. | 119 | − 5½ |
| Barclays Bank | 554 | − 8 |
| Court Line | 164 | − 8 |
| Equity and Law | 288 | − 5 |
| Freemans (London) | 192 | − 11 |
| Natl. Westmnstr. Bk. | 350 | − 12 |
| Simon Engineering | 142 | − 7 |
| Ang.-Ecuadorian Oil | 95 | − 5 |
| Anglo-American | 232 | − 8 |
| GAST | 160 | − 12 |
| Kloof | 210 | − 6 |
| Middle Wits. | 140 | − 10 |
| Poseidon | 690 | − 30 |
| Rio Tinto-Zinc | 202 | − 8 |
| Tara Exploration | 625 | − 10 |
| Whim Creek | 162 | − 12 |

U.K. DAILY STOCK INDICES

FINANCIAL TIMES

| | Oct. 19 | Oct. 12 | Yr. ago |
|---|---|---|---|
| Govt. Secs. | 79.12 | 79.27 | 71.24 |
| Fixed Interest | 78.98 | 78.81 | 73.38 |
| Industrial Ord. | 415.2 | 415.7 | 367.7 |
| Gold Mines | 44.5 | 44.8 | 53.0 |
| Ord. Div. Yield | 3.76 | 3.76 | 4.53 |
| Earnings Yield | 5.78 | 5.79 | 6.36 |
| P/E Ratio | 17.29 | 17.36 | 15.72 |
| Dealings Marked | 14,208 | 13,447 | 9,453 |

For latest share index phone 01-246 8021

F.T.-ACTUARIES

| | Oct. 19 | Oct. 12 | Yr. ago |
|---|---|---|---|
| Industrial Group | 171.37 | 170.71 | — |
| 500 Share | 185.51 | 184.95 | 147.33 |
| Div. Yield pc | 3.57 | 3.59 | 4.40 |
| P/E Ratio | 18.26 | 18.20 | 14.99 |
| All Share | 122.32 | 121.96 | 100.84 |
| Consols Yield pc | 8.57 | 8.57 | 9.21 |

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| Highlands & Lowlands Para Rbr. | 35 |
| F. J. C. Lilley | 35 |
| Marshall's Universal | 32 |
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## Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

# Small business · The EEC · Unemployment

Sir,—Helping the week to survive is not the natural pattern of creative evolution and it is not the most economical course for society to take.

In contrast to dealing with individual human situations, where due to moral or ethical principles we in the Western World now accept that in helping the weak purely economic considerations are overriden, there is fundamentally no such compunction with small companies.

In my opinion in the course of natural selection extra obstacles in the way of small companies are indicated to ensure that only a relatively small number of fit specimens survive the test of growth.

Any major interference with this system (save to remove specifically penal fiscal measures, for example, close company legislation) which over the last 150 years has generated most of the wealth we now have, can lead to a "socialisation" of our business life, namely to provide companies with equal rewards for unequal effort.

The subsidised help for small companies would be a retrograde and unhealthy step which in the field of purely economic activity can not be justified by moral and ethical standards we now, rightly or wrongly, accept in the case of human individuals.

Harry Pollak.

*Colebrook, Merlewood Drive, Chislehurst.*

## Services available

Sir,—Mike Cumbers certainly is naughty in some of his comments. (Small business services —October 18 and previous.)

He has already been taken to task about his claim (October 7) not to have had a pump priming operation for the Bristol Small Business Centre. He knows as well as the rest of us that up to now the centre has not been economically viable and that someone (presumably the Education Authority) has had to pay his bills.

Now I must challenge him over his suggestion that part time consultancy services spread over extended time periods are not generally available other than from his centre.

It cannot be unknown to Mr. Cumbers that our associate company, Continuous Consultancy, has been offering such a service since 1965 when I formed it while a Senior Lecturer at the same college from which Mr. Cumbers operates. We do not claim to be unique in providing part time services for the smaller company on a non-subsidised basis. At least one other Bristol based private company provides a very high standard of service; as do several other well known larger consultancy organisations in other parts of the country.

I would like, if I may, to bring this discussion back down to earth and to suggest that small firms will pay for consultancy services provided they feel that they are getting value for money. Possibly the consultancy profession should look more to its own faults; firstly by getting off some of its own administrative fat and then by finding ways of improving its own effectiveness.

As an organisation we have no doubt that part time consulting services can be provided for the smaller firm at a price they are prepared to pay and on which we can make a reasonable living. I have no doubt there are many more.

A. E. Williams.
Managing Director,
T. W. Management Consultants,
*Clevedon, Somerset.*

## Cost no problem

Sir,—Mr. E. G. Wood (October 12) states "the independent self-financing management service for small businesses is a myth. It does not exist, etc. It cannot exist, except for a short period of time."

I have been running just such a service for twenty years. The ratio of selling cost to chargeable time has never been a problem.

George L. Espin.

*10, Western Terrace, The Park, Nottingham.*

## Viability satisfactory

Sir,—Watching Mr. Wood assiduously piling dogmatism upon hyperbole, each statement more sweeping than the one before, I began to feel that my own consultancy practice not only has a short and limited future ("it cannot exist"), but very little present ("it does not exist") and virtually no past at all ("simple arithmetic will not allow it").

We have been in business, not for Mr. Wood's "short period of time," but since 1957 expressly to offer consultancy services to small companies. Our procedure has been to prove ourselves by requesting one problem area with which to deal and then, when the company's confidence in our ability has been fully gained, to provide long-term periodic advice which is almost always directly connected with general management—organisation and personnel subjects, for instance—for in our experience a smaller company's competence in its product or service is normally of the highest order.

With 14 years' experience behind me I can vouch for the fact that the economic viability of a consultancy practice operating in this way is entirely satisfactory. Indeed, the trend nowadays is for large organisations to call upon us for our specialisms as they break down their structures into more effective staff units of 12 to 15 people, thus making us even more viable.

May I use these columns to urge all those mythical figures in a similar position to myself to pick up their pens and write direct to Mr. Wood to assure him of our continued and continuing existence?

K. C. White,
Principal,
Charles White and Partners.
*60a, Thorpe Road, Norwich.*

## Alternative to EEC

Sir,—In his recent letter, Mr. David Fleming (October 13) wisely pointed out that the views of the public should be listened to.

As an alternative to joining the Common Market, I bear much support for the proposal that, instead of using the current large favourable balance of trade (which is likely to total upwards of £1,000m. by end 1973) to provide our entrance fee and payments for the first few years largely to support small French farmers, we should now be using this strong monetary position to reduce Bank Rate to 3 per cent. and allow long-term rates on Government Stocks to fall also, thus allowing up-and-coming small businesses to borrow at 4½ to 5 per cent.

The basic principle behind this proposal is that the future growth of this country depends on rapid expansion of businesses by young enterprising entrepreneurs. With current long-term rates of 10 and 11 per cent., few small businesses will consider expansion. Since, on average, only 75 per cent. of current productive capacity is in use, it would be folly to borrow at 10 per cent. when the new capacity may not be fully required for three or more years.

It is often not appreciated that growth in percentage terms by our very large corporations are, because of scale and diversification, unlikely to reach even 10 per cent. annually in real terms.

In any event, by the time an executive becomes head of a large corporation, he is frequently reaching the middle fifties which means that he cannot provide real dynamism for long as he will be fast approaching retirement age.

Joining the Common Market will merely add a few per cent. to the turnover of our large corporations for a few years and this is unlikely to be adequate compensation for the huge cost of entry especially as the sums paid out by us will, in fact, almost entirely be provided from our invisible services such as shipping, insurance and commodity broking.

It is clearly vital that young entrepreneurs again be given their head in this country and this can only be achieved by retaining the resources we are building up and lowering interest rates so that productive capacity can be expanded using the most up-to-date processes available.

The lower prices arising from lower production costs and increased supply will mean lower prices internally (as opposed to the Government's planned increase in prices over the next seven years if we join the Common Market) and an improved competitive position in respect of exports.

The above proposal, if adopted, would sweep aside the current lethargy seen in business and dynamic forward progress with a rising standard of living for our people would once again become a reality.

R. M. Jobson-Scott.

*Fordlands, Northam, Devon.*

## Descent into Europe

Sir,—Probably unconsciously, the letter from Mr. F. Newton Parks (October 18) goes to the very core of the debate as to whether we should join the European Community.

Greenwich Mean Time, he points out, will make telephone communications more difficult than they would be if we worked on Continental time. The implication is that we should alter our time, no matter what trouble such a change would cause us—as we already know from experience.

To conform to Continental practice we have already made or agreed to these changes: 24-hour clock, Centigrade temperatures, decimalisation, metrication, Value-added Tax, Continental times.

In all these cases the result has been to abandon established British practices in favour of less efficient Continental ones, at immense cost, upset and inconvenience to the long-suffering inhabitants of these islands.

The pro-Marketeers say that the British way of life will not be adversely affected. Yet in these and other ways it must surely be clear that if we join we shall be bartering our British practices and characteristics for some extremely doubtful economic advantages.

Frank Thomas.

*92, Windsor Road, Bray, Berks*

## Suiting a minority

Sir,—We might have supposed that the old chestnut, raised by Mr. Newton Parks had been well and truly roasted by now.

Those whose working day is geared to Continental Europe can number only a very tiny part of 1 per cent. of our population. Yet, once again, comes the discredited plea that we should all change our clocks to suit a minute minority, ignoring also the contrary interests of those whose main contacts are across the Atlantic.

The plain fact is that Mr. Newton Parks and others in his situation must adjust their hours by starting work, and lunching, earlier—without seeking to give us all "the social impact" of non-GMT clocks.

Incidentally, I do have on my file a 1967 letter from the Home Office saying that the BST/CET experiment was not solely to prove our "Europeanism." Happily Parliament has decided to end that untimely experiment.

J. D. Nicholas.

*37, Waldeck Road, W.13.*

## The Treaty of Rome

Sir,—I have long been a critic of Her Majesty's Stationery Office for dissipating public money on unnecessary publications, some of which could be published by commercial publishers at their own risk, but I find one quite extraordinary omission in their catalogue which I fail to understand. I would have thought that the book would have been right up their street and the name of the book is "The Translation of the Treaty of Rome." I am told this is a smallish book of about 40,000 words, and I keep wondering why our extremely active Government have not encouraged their baby to produce what ought to be quite essential reading for the Members of Parliament to enable them to undertake the great debate. I understand there is no copy in English available.

A. G. Elliot, chairman,
Elliot Right Way Books.
*Kingswood Buildings, Kingswood, Surrey.*

## Unity with variety

Sir,—Mr. J. W. Woodcock (October 14) has lighted up one of the secrets of success in any field of human endeavour. Variety derives from the law of nature; sameness derives from the practice of man.

Now that technology can relieve us of physical labour in repetitive processes the discerning leader can cultivate true unity by maximising the use of natural diversities while minimising the demand for unnatural uniformities. The former qualities are as fertile as the latter are barren.

The lesson applies in the family, in the firm, in the nation and in international communities—as well as in the Church.

Austen Spearing,
Chairman,
Admin Study.
*Gray Gables, Foxton, Royston.*

## Women & elections

Sir,—Your correspondent's most interesting account of the women's victory in the Norwegian local elections (October 13, p. 7) draws attention to the advantages of the Norwegian electoral system as compared with ours, and its drawbacks as compared with the single transferable vote form of proportional representation.

The Norwegian system gives the voters a choice between candidates, as well as between parties, which we entirely lack, and the women quite legitimately took advantage of this. They were, however, obliged to organise themselves, and to keep their operations as secret as possible, and the result of their efficiency was to give them a good deal more than their fair share of the seats.

If Norway had been using the single transferable vote, there would have been no question of any order of names imposed by the party: each party would have run at least as many candidates as it could hope to elect, and the voters would have had a free choice among these, numbering them in order of the voter's preference. A party, in all probability, would include both men and women in its team, to attract the widest possible range of voters, and if it did not spontaneously do this, the women (or the men!) could insist on nominating additional candidates, knowing that this could not harm the party by splitting its vote. Anyone wanting more women councillors would then just vote 1, 2, 3 . . . for women candidates, starting no doubt with those of the party the voter most favoured and then going on either to women of other parties or to men of the same party and then to other women, according to which consideration the voter found most important.

The effect of this would be to give the women seats in proportion to the numbers supporting women candidates—no more and no fewer—and to fill those seats with those women candidates whom the voters considered the best. The women would not have needed to organise to get their due, nor would there have been any complications to lengthen the count.

Enid Lakeman.
The Electoral Reform Society.
*6, Chancel Street, Southwark, SE1.*

## Kinds of unemployment

Sir,—Mr. Brian Griffiths' distinction (October 13) between those who are not prepared to take a variety of jobs and to move a considerable distance and those who are begs many difficult questions, particularly those arising from age.

An older man who has completed 20 years payments on a £2,000 mortgage now finds that he will require a fresh mortgage for at least that amount if he moves house. With the certainty of retirement within 10 years and the correspondingly higher interest and, if obtainable, insurance charges, is he really to be expected to accept a job with a relatively low salary and little prospect of advancement?

What about relatives living with him? Children taking their "A" levels, a son starting his apprenticeship, a wife who after 20 years earns a modest income as head of a department, are their futures to be mortgaged as well?

Then there is the doctor who told a retired executive who sustained a hernia while working in a furniture shop that he [...] learn to grow old gracefully.

Granted that in one's declin[...] years there is a tendency to [...] down, but surely common [...] demands that any change [...] the status quo must at least [...] for itself and not impair the [...] pects of one's nearest [...] dearest.

The system devised by [...] politicians is having the effec[...] making middle aged [...] dependent relatives. Neith[...] they nor the younger generati[...] welcome the change. Yo[...] people contemplating buying [...] house should emigrate first.

R. G. Simmons.

*66, Central Avenue, Pinner, Middlesex.*

## Wool fault markings

Sir,—The progress made [...] establishing a system of [...] markings between clothing ma[...] facturers and the wool indus[...] is welcome (Financial Ti[...] Oct. 18, page 6). I hope it w[...] be more fruitful than previ[...] discussions initiated by [...] Julian Lee in the Cloth[...] "Little Neddy" in 1967, and s[...] sequently with the Textile Co[...] cil. There has always be[...] plenty of goodwill on both sid[...] but very little progress. In vi[...] of your report on another [...] of steps taken to prevent the c[...] lapse of the British text[...] industry and to curb che[...] imports, it is to be hoped th[...] a similar committee to establi[...] an acceptable system of [...] markings will be set up w[...] the textile industry witho[...] delay.

Bryan Stevens (formerly Secretary, Clothing EDC).

*6, Mortimer Crescent, N.W.6.*

## Stimulus to house building

Sir,—In view of the shortag[...] of new houses, may I sugg[...] that a good method of encoura[...] ing private building for own[...] occupiers is that adopted by th[...] Austrians?

In Austria anyone building fo[...] their own occupation is exem[...] from rates for a period of [...] years. This has provided a co[...] siderable stimulus to hou[...] building at no direct cost to th[...] Government.

D. C. Howell,

*19 Princess Road, Branksome, Poole, Dorset.*

## ART GALLERIES

COLNAGHI'S 14, Old Bond Street, W.1. LOAN EXHIBITION OF DRAWINGS BY OLD MASTERS FROM THE COLLECTION OF MR. GEOFFREY GATHORNE-HARDY. Monday to Friday, 10 a.m. to 5.30 p.m. The Exhibition will remain open until Friday, 5th November, 1971.

FRANCIS RUSSELL FLINT. Recent Paintings. Mall Galleries, The Mall, S.W.1. 10-5. Sats. 10-1. Until 30th Oct.

KAPLAN GALLERY, 6, Duke Street, St. James's, S.W.1. MICHEL COLLE (1872-1949). First London Exhibition. Mon.-Fri. 10-6. Sats. 10-1.

LEONARD KOETSER GALLERY, 13, Duke Street, St. James's. 01-930 9348. Autumn Exhibition of Fine Old Master Paintings. 5th October-30th November. Daily 10-6 p.m. Sats. 10-1 p.m.

LUMLEY CAZALET, 24 Davies St., W.1. 01-499 5058. 20th Century Original Prints.

MARLBOROUGH FINE ART, 6 Albemarle Street, W.1. Ben Nicholson new reliefs. Daily 10-5.30. Saturdays 10-12.30. Until October 30th.

MARJORIE PARR GALLERY, 285, King's Road, Chelsea, S.W.3. DENIS MITCHELL Recent Sculpture. October 6th-30th. Open all day Saturday.

OMELL GALLERIES. New selections of Fine 19th and 20th Century Paintings for the Home and for Investment at Realistic Prices. 22, Bury Street, St. James's, S.W.1.

THE REDFERN GALLERY, 20 Cork Street, W.1. JOHN CARTER—NEW WORKS. Until 28th October. Daily 10-6. Sats 10-1.

ROYAL SOCIETY OF MARINE ARTISTS. Guildhall, EC2. 10-5-Sat Free until Nov. 10.

### CLUBS

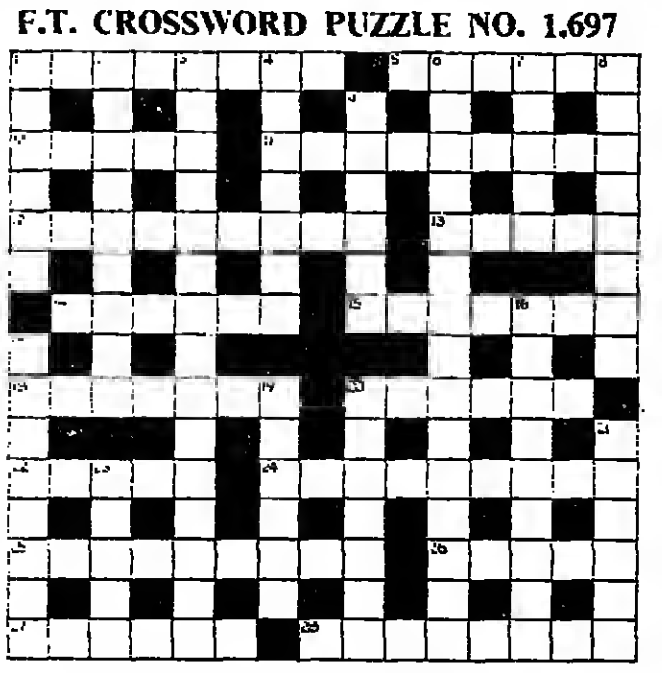
EVE. All-in Dinner or à la carte from 9. Lavish Floorshows in 2 parts 10.30 and 1.0. 01-734 0557. 189, Regent St., W.1.

MURRAY'S CABARET. Dine from 8.0. World renowned Floorshows 10.15 and 1.15. Ger. 4623. Beak Street, W.1.

### EXHIBITIONS

KENSINGTON Antiques Fair, Town Hall 11 a.m.-8 p.m. Last 4 days. Bargains.

## F.T. CROSSWORD PUZZLE NO. 1,697



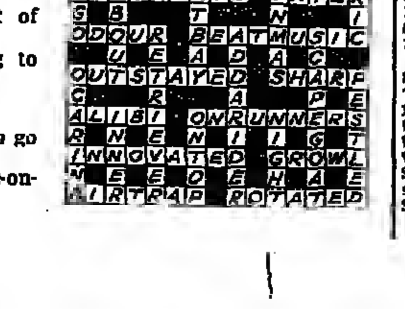
**ACROSS**

1 Get rid of family during sporting event (4, 4)
5 First to become a modeller (6)
10 Throw a party (5)
11 Cheese runs well in Shaftesbury Avenue (9)
12 Responses can develop into cares (9)
13 Game played by Henry against his mother (5)
14 Letting things through so that foreign river comes right round you and me (6)
15 Crush asking for half please on public transport (7)
18 With one kind of spouse (7)
20 Boy who might be caught by 11 (6)
22 Open one saloon at Lake Success . . . 15)
24 . . . while in Ealing a PC emails another (3, 6)
25 Apparatus designed for Hatch End? (9)
26 Just the outfit to organise (5-2)
27 Strike over favourite bit of machinery (6)
28 Talk of accountant going to American lake (8)

**DOWN**

1 South Africa a long way to go on one expedition (6)
2 Industrial quarter of Stoke-on-Trent? (9)
3 Very distinguished PC (5, 10)
4 Food is on the house (7)
6 Expenses incurred during air raids? (8, 7)
7 Just a lesson (5)
8 Parrot going great guns (8)
9 Piece let in by Augustus and Co. (6)
16 Scribbler sampling mystery writer (9)
17 It's Bill strange to tell (8)
19 Hose has to be taken to drunks (6)
20 Goddess takes excavator to Virginia (7)
21 Part of London that goes to one's head (6)
23 Sailor returns trophy to Lancs town (5)

SOLUTION TO PUZZLE No. 1,696



## TV/Radio

* Indicates programme in black and white.

### BBC 1

9.15 a.m. For Schools, Colleges. 12.25 p.m. Nai Zindagi Naya Jeevan. 1.00 Disc a Dawn. 1.30 Trumpton: Watch with Mother. 1.45 News. *2.05 For Schools, Colleges. 4.15 Play School. 4.40 Jackanory. 4.55 Singing, Ringing Tree. 5.20 Screen Test. 5.44 Magic Roundabout.
5.50 News.
*6.00 Nationwide and Your Region To-night.
6.50 Tom and Jerry.
7.00 Owen MD.
7.25 Star Trek.
8.10 Softly, Softly: Task Force.
9.00 Nine O'clock News.
9.20 Sportsnight with Coleman.
10.45 24 Hours.

All Regions as BBC 1 except at the following times:—

Wales—*6.00-6.50 p.m. Wales To-day. *6.50-7.15 Heddiw. 7.15-7.40 Gregynog. *7.40-8.10 Maes a Mor.

Scotland—*10.25-10.45 a.m. For Schools: Around Scotland, Speyside, part 2. *11.05-11.25 For Schools: Let's See, The Air, part 5. *2.30-2.50 p.m. For Schools: Modern Studies, Young Workers, part 5. *6.00-6.50 Reporting Scotland. Between 9.20-10.45 Sportsnight with Coleman, including soccer—European ties. *11.22 Scottish News Headlines.

Northern Ireland — *10.25-10.45 a.m. For Schools: Ulster in Focus, Our School. *6.00-6.50 p.m. Scene Around Six. *11.22 Northern Ireland News Headlines.

England—*6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth). 11.22 Regional News Headlines.

### BBC 2

11.00 a.m. Play School.
*6.35 p.m. Open University: Arts.
7.05 Places for People: Inner City Renewal: London's Lambeth.
7.30 News.
8.00 Times Remembered: Hero de Rance.
8.10 Man Alive: The Case for a British Nader—part 1: The Evidence.
9.00 Look, Stranger.
9.20 The Search for the Nile.
10.20 Spain is Different: The Magnificent Horsemen.
10.50 News on 2.
10.55 Late Night Line-up: Ecology.

### LONDON

10.20 a.m. and 1.40 p.m. Schools. 2.32 Racing from Sandown Park. 3.15 Play Better Tennis. 3.40 Paulus. *3.55 Matinee. 4.25 Tea Break. 4.55 Lift Off. 5.20 Tottering Towers.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 The Smith Family.
7.30 Coronation Street.
8.00 The Saint.
9.00 A Family at War.
10.00 News at Ten.
*10.30 Bless This House.
11.00 Wrestling.
11.45 What the Papers Say.
12.00 Aspects of Faith: Hugh Kay talks to Archbishop Anthony Bloom.

All ITV Regions as London except at the following times:—

### ANGLIA

4.00 p.m. The Ghost and Mrs. Muir. *4.25 Anglia Newsroom. 4.30 The Romper Room. 6.00 About Anglia. 7.00 The Odd Couple. 8.00 Mannix. 11.45 Reflection.

### ATV MIDLANDS

3.35 p.m. Tomorrow's Horoscope. 3.40 Women Today. 4.10 The Ghost and Mrs. Muir. 4.40 The Enchanted House. 4.55 Skippy. 6.00 ATV Today including Police Five. 7.00 The Sky's The Limit. 8.00 Jason King. 10.30 Curtain Up.

### BORDER

2.55 p.m. Racing from Sandown Park. *3.45 Training The Family Dog. *4.18 Border News Headlines. 4.12 Women Today. 4.40 The Enchanted House. *6.00 Border News and Lookaround. 7.00 Jokers Wild. 8.00 Jason King. *11.45 Border News Summary.

### CHANNEL

4.05 p.m. Lancelot Link. 4.20 Puffin's Birthday Greetings. 6.00 Channel News and Weather. 6.10 Link-up. 7.00 You Name It. 8.00 Jason King. 11.40 Epilogue followed by news and weather in French.

### GRAMPIAN

*3.28 p.m. Grampian News Headlines. 3.30 Origami. *3.45 Mathman—Some Mathematics for Infants. 3.55 Yoga for Health. *6.00 Grampian News. *6.10 Grampian Week. 7.00 Joker's Wild. 8.00 Mannix. *8.55 Police News. 10.30 Perspective. 11.45 All Our Yesterdays. 12.10 a.m. Evening Prayers.

### GRANADA

3.50 p.m. World in Action. 4.15 News, followed by Peyton Place. 4.40 Pinky and Perky. 6.00 Newsday. 6.15 This is Your Right. 6.30 From a Bird's Eye View. 7.00 The Odd Couple. 8.00 Jason King. 10.30 The Comedians.

### HTV

*3.50 p.m. You and Your Child. 4.15 Tinkertainment. 4.30 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 The Smith Family. 7.00 Jokers Wild. 8.00 Hawaii Five-O.

### SCOTTISH

3.30 p.m. Grasshopper Island. 3.45 Crossroads. 4.10 Dateline: Early. 6.00 Dateline: Wednesday. 6.20 Popeye. 6.30 McQueen. 7.00 Jokers Wild. 8.00 The Champions. 11.00 Scotsport. 11.30 Late Call. 11.35 Wrestling.

### SOUTHERN

3.35 p.m. To-morrow's Horoscope. 3.40 Women To-day. 4.10 Houseparty. 4.23 Peer Gynt in Arabia. 4.30 Crossroads. 6.00 Day by Day and Crime Desk. 6.30 University Challenge. 7.00 Jokers Wild. 8.00 Theatre of Stars. 11.45 Southern News Extra.

### TYNE TEES

4.20 p.m. North East Newsroom. *4.25 Time to Remember. 4.40 The Enchanted House. 6.00 To-day at Six. 6.30 University Challenge. 7.00 Jokers Wild. 8.00 Department S. *11.45 One Step Beyond. 12.15 a.m. Late News Extra. 12.30 The Mind Campaign.

### ULSTER

*4.30 p.m. Romper Room. *4.50 Ulster News Headlines. *6.00 UTV Reports. *6.15 What's On. 7.00 The Odd Couple. 8.00 Strange Report.

### WESTWARD

3.55 p.m. The Gus Honeybun Show. 4.05 Lancelot Link. 4.20 Westward News Headlines. *6.00 Westward Diary. *7.00 You Name It. 8.00 Jason King. 11.44 Westward Late News. 11.48 Faith for Life.

### YORKSHIRE

3.55 p.m. Houseparty. 4.05 Calendar News. 4.10 Women Today. 4.40 The Adventures of Rupert Bear. 6.00 Calendar. 6.30 University Challenge. 7.00 Jokers Wild. 8.00 The FBI. *10.30 The Trouble With You Lillian.

### RADIO 1 247m

Time checks, up-to-the-minute traffic reports and News summaries at 5.30 a.m., 6.00, 6.30, then every hour on the half hour until 2.30 p.m., 3.00, 3.30, 4.00, 4.30, 5.00, 6.00, 6.30, 7.00, 8.00, 11.00, 12 midnight, 1.00 a.m., 2.00. Weather at 5.32 a.m., 6.02, 6.32, 7.32, 8.32, 5.32 p.m., 6.32, 7.02, 7.02 a.m.

5.30 a.m. As Radio 2. 7.00 Tony Blackburn. 9.00 Jimmy Young. 11.00 Dave Lee Travis. 1.00 p.m. Johnnie Walker. 3.02 Terry Wogan. 5.00 What's New? 5.00-10.00 as Radio 2. Radio 1 on VHF and 247m between 10 p.m. and 12 midnight. 10.00 Sounds of the 70s: John Peel. 12.00-2.02 As Radio 2.

### RADIO 2 1,500m; VHF

News summaries at 5.30 a.m., 6.00, 6.30 (VHF and 247m), 7.00, 7.30, 8.00, then every hour on the hour until 3.00 p.m., 3.30, 4.00, 4.30, 5.00, 5.30, 6.00, 6.30, 7.00, 8.00, 10.00 (1,500m), 11.00, 12 midnight, 1.00 a.m., 2.00. Weather at 5.32 a.m., 6.02, 6.32, 7.02, 7.32, 8.02, 9.02, 5.32 p.m., 6.32, 7.02, 2.02 a.m.

5.30 a.m. News. 5.32 Breakfast Special. 6.27 Racing Bulletin. 8.55 Pause for Thought. 9.02 Pete Murray's Open House. 11.02 Morning Story. 11.15 Waggoners' Walk. 11.30 Tony Brandon. 2.02 p.m. Woman's Hour. 3.02 Terry Wogan. 4.15 Waggoners' Walk. 4.31 Sports Desk. 4.34 Sam Costa presents music and song with stars on disc. 6.02 Album Time. 6.50 Sports Desk. 7.03 After Seven: Alan Freeman—entertainment in words and music. 8.02 This is Living?: a light-hearted look at low-life business. 8.30 The Organist Entertains. 9.00 Dorita Y Pepe: songs and records. 9.30 Humphrey Lyttelton with The Best of Jazz on records. Radio 2 on 1,500m and 202m, only between 10 p.m. and 12 midnight 1202m Edinburgh, Glasgow, Dundee and Aberdeen. 10.02 Late Night Extra. 12.00 Midnight Newsroom. 12.05 a.m. Night Ride. 2.00 News.

### RADIO 3 194m, 464m; VHF

7.00 a.m. News. 7.05 Morning Concert: Avison, Handel, gramophone records. 8.00 News. 8.05 Your Midweek Choice: Rimsky-Korsakov, Mendelssohn, Liszt. 9.00 News. 9.05 This Week's Composer: Stravinsky on gramophone records. 9.45 Organ recital. 10.15 BBC Northern Ireland Orchestra: Paul Reade, Grieg, Rossini arr. Britten, Bizet. 11.00 Berio: Sincronie. 12.00 19th-Century Piano Concertos: Thalberg, Tausig, Busoni, Moscheles, gramophone records. 1.00 News. 1.05 Presented recital: Robert Simpson talks about Beethoven. 2.00 BBC Training Orchestra: Mozart, Ravel, Vaughan Williams. 3.00 Chamber Music: Palestrina, Isaak, Casciolini, Praetorius, Villa-Lobos, Brahms, Schumann. 4.00 Choral Evensong. 4.45 The Young Idea: Schoenberg, Holst, David Bedford, Galt MacDermot, Carl Ruggles. 5.45 Jazz Today. 6.15 Concert Calendar. 6.25 Programme news and Stock Market report. 6.30-7.30 Study on 3: 6.30 Wiedersehen in Augsburg, part 3. 7.00 The Story of the Pill, part 3. 7.00-7.30 VHF Open University: Social Sciences. 7.30 Arts Commentary: Theatre. 8.00 Bach: St. Matthew Passion on gramophone records, part 1. 9.25 The Wall Game: talk. 9.45 Bach: St. Matthew Passion, part 2. 11.30 News Summary.

### RADIO 4 330m; VHF

6.25 a.m. News Summary. 6.27 Farming Today. 6.45 Prayer for the day. 6.50 Regional news, weather and preview. 7.00 Today: magazine. The News. 7.40 Today's Papers. 7.45 Thought for the day. 7.50 Regional news, weather and preview. 8.00 News and more of Today. 8.40 Today's Papers. 8.45 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.30-9.55 For Schools. 9.55 Break for Music. 10.05 For Schools. 10.15 Daily Service. 10.30-12.00 For Schools. 12.00 You and Yours. 12.25 Life is what you make it, part 7: Chance so' that. 12.55 Weather, preview and news. 1.00 The World at One. 1.30 The Archers. 1.45 Listen with Mother. 2.00-3.00 For Schools. 3.00 Afternoon Theatre. 4.00 Dame Clara: portrait of Dame Clara Butt. 4.30 Story Time. 5.00 PM: News magazine. 5.50 Regional news, weather and preview. 6.00 News. 6.15 Petticoat Line. 6.45 The Archers. 7.00 News Desk. 7.30 Down Your Way. 8.15 Midweek Theatre. 9.00 Now read on. 9.40 The English Poets: from Chaucer to Yeats, part 4. 9.59 Weather. 10.00 The World Tonight. 10.45 Today in Parliament. 11.00 A Book at Bedtime. 11.15 News. 11.31 Market Trends.

## Racing

# Colourful in the mud

by DARE WIGAN

THE BENSON AND HEDGES Nursery Handicap (3.05) at Sandown to-day is, with £8,000 added, the most valuable race of its kind in the Racing Calendar, and has attracted some high-class two-year-olds. These include *Philip of Spain*, winner of the New Stakes at Royal Ascot, *Shoolerville* whose three victories have included the Woodcote Stakes at Epsom, and *Native Majesty*, who won a similar type of event here last month when he was thrown into the handicap with only 8 st 1 lb.

One which will certainly not be troubled by the mud this afternoon on the Esher course is *Philip of Spain*, for conditions were atrocious when he came home seven lengths ahead of *Firefright* at Ascot, with *Deep Diver* 2½ lengths further behind. Since then, *Philip of Spain* has been runner-up to *Wishing Star* in the Gimcrack at York and to *Sharpen Up* in the Middle Park at Newmarket where he would have overtaken the winner in a few more strides. He is the best-class horse in the race, and, understandably, has top weight of 9 st 6 lb, but I doubt whether that will prevent his winning.

At this stage of the season, there are vast fields for two-year-old races and, as a result, the Grandy Place and the Imber Plate have had to be divided. Division I of the Grandy being run at 1.30 (half an hour before the beginning of the programme as originally advertised) and Division II of the Imber Plate scheduled to start at 5.15, making eight races in all.

The probable winner of Division I of the Grandy Plate is *Lightning Trial* from Barry Hills' Berkshire stable, who landed a substantial gamble when defeating *King Penguin* at York a fortnight ago.

Admittedly, *Lightning Trial* was receiving a stone from *King Penguin*, but he won authoritatively by two lengths, with *Starolgo* who had been successful on his previous appearance, ten lengths away, third. In Division II (2.0) it would, I think, be a mistake to oppose *Parcener*, who trotted up at Newmarket last Thursday.

Noel Murless runs *Colourful*, a chestnut filly by *Busted* out of *Topaz*, a mare by *Honeyway*, in Division 1 of the Imber Plate (3.40); and judged on breeding, she looks reasonably certain to stay a mile. She may win at the first time of asking.

In Division II (5.15), I have a definite fancy for *Charling*, a grey colt by *Charlottown*, which, after finishing third behind *Meadow Mint* and *Padrona* i[...] the Chesham Stakes at Ascot, [...] well behind *Sea Music* in th[...] Rous Memorial Stakes at th[...] principal Goodwood meeti[...] *Charling* was a big, overgro[...] baby in the paddock at Goo[...] wood and, provided he has ma[...] normal improvement in th[...] physical sense since then, he [...] likely to require some beati[...] here.

Maj. Gen. Sir Harold Wernhe[...] whose wife, Lady Zia, ow[...] *Charling*, is represented b[...] *Inventory* in the More La[...] Handicap (4.15). Inventor[...] which ran on well when holdi[...] off *Miromar* by a neck over tw[...] miles at the Newmarket fi[...] October meeting is penalised [...] 4 lb for that success, but, ev[...] so, appears to be lenient[...] weighted with 8 st 2 lb.

*Sacremento Song*, if he la[...] out two miles in the bog-li[...] conditions that are bound [...] prevail to-day, ought to win th[...] Final Stayers Stakes (4.45). An[...] *Lochwinnoch* is preferred to *Tr[...] Fight* in the Trafalgar Handic[...] (2.30).

Two English-trained horses—The Dickler and Stradivarius—plus three from Ireland are among ten from Europe invited to compete in the Colonial Cup 'Chase at Camden, S. Carolina, on November 20. The race is worth £26,250 to the winner. Clever Scot, trained at Newmarket, has already been announced as a definite runner and will be ridden by Stan Mellor.

SELECTIONS

1.30—Lightning Trial
2.00—Parcener**
2.30—Lochwinnoch
3.05—Philip of Spain*
3.40—Colourful
4.15—Inventory
4.45—Sacramento Song
5.15—Charling***

### CLOTHING SEMINAR FOR ENGINEERS

Engineers working in the cloth[...] ing industry will be able to lear[...] more about technical an[...] mechanised processes in garmen[...] manufacture at a week-en[...] seminar which opens at the Po[...] House, Leicester, on Friday.

The seminar, organised by th[...] Clothing Institute, will cover se[...] ing and steaming problems [...] synthetic fabrics, new machine[...] and fluids.

## Events

### To-day

PARLIAMENTARY BUSINESS—
House of Commons: Consideration of Lords amendments to the Immigration Bill (continued); remaining stages of the Town and Country Planning Bill (Lords).

LONDON INTERNATIONAL MOTOR SHOW, to be opened by Princess Alexandra, at Earls Court, 12 (closes October 30).

BRITISH NATIONAL COMMITTEE, International Chamber of Commerce, annual dinner. The guests of honour are Mr. Peter Walker, Secretary of State for the Environment, and Mr. David Rockefeller, chairman of the Chase Manhattan Bank of the U.S. At Quaglino's, S.W.1, 7.00 p.m.

COMPANY MEETINGS

BRASWAY, Sutton Coldfield, 12. (Chairman, Mr. R. A. Swaby.)
CRAIG TEA ESTATES, 37, Queen Street, E.C., 11. (Chairman, Mr. M. D. C. Watson.)
FOX'S BISCUITS, Leeds, 12. (Chairman, Mr. A. H. Fox.)
HALWINS, Southend, 12. (Chairman, Mr. H. J. Gover.)
JOHNSON CONSTRUCTION EQUIPMENT, Great Eastern Hotel, E.C., 11.45. (Chairman, Mr. B. B. Dearden.)
MELBOURNE HART, Barnard's Inn, E.C., 3. (Chairman, Mr. E. C. M. Hart.)
MOVITEX, Edgware, 12. (Chairman, Mr. R. W. Botfield.)
TRANS AUSTRALIA INVESTMENT TRUST, 120, Cheapside, E.C., 2.30. (Chairman, Mr. A. C. C. Ponsonby.)
UNIVERSAL UNDERWEAR, Winchester House, E.C., 3. (Chairman, Mr. J. L. Turner.)
WESTMINSTER AND COUNTRY PROPERTIES, Grosvenor House, W., 12. (Chairman, Mr. D. B. Parkes.)
ZETTERS POOLS, 86, Clerkenwell Road, E.C., 3. (Chairman, Mr. S. Zetter.)

**unchtime theatres:**

# England Expects

Terence Lewis, author of *ngland Expects* (at the amb and Flag, Rose Street, is week) was, a brother the Roman Catholic leslan order for six years; that has firmly turned his back on e church we can only assume m his harsh and unrelenting rtoon of three characters in a alitarian limbo. Gunfire and mbs explode in the backpund as Sir Frederick Bragaw does "his bit" by excretg daily over his prize onions ortunately, we are spared tual representation of this); daughter Alice is blind, eelchair-ridden, and like négonde's old maid in *Canle*, she has no behind.

Sexually frustrated, Alice does she can to persuade dad to mmit incest with her, though e would prefer to lose her rginity to Jesus, a desire she presses frequently, with aphic directness. The play's ird character is a jovial policeun who brings them a human nd (an old hag's hand) for eir dinner; the policeman is oir only source of information; e specific item of information does finally impart, taking his no over it (this is a lengthy nchtime play), is that Jesus is icially dead, thereby destroying Alice's only hope. She had already begun to malign the Queen, which is punishable by being thrown alive from the top of the Post Office Tower, but hearing this news she joyfully deflowers herself with a crucifix, and expires. Bragshaw magnanimously gives away her corpse to the policeman, advising him to roast her slowly, and reserving for his own table some of her breast.

All this is to constant bursts of "Rule Britannia," the presumed intent of which is to drive the satire in deep. It does little to disguise the heavily repressive influence Fernando Arrabal has exerted over Mr. Lewis' imagination, though there is, in spite of it, some vigour in the writing. Arrabal has more justification, possibly, for his spleen; his tiresome and ill-organised profanity at least relates to the stifling Catholic régime he has experienced. Mr. Lewis' grafting of alien symbols on to a familiar scene is peculiarly inappropriate. And there is little balance, or kindness, in the writing: the hatred is too general, and in the performances of Gillian Brown, Phillip Ross, and William Hootkins, too unrelieved.

GARRY O'CONNOR

# Double Bill

The Basement kicks off with an rabal squib, *Impossible Loves*, out the three animal-headed yers of a mythical princess; I ought it so silly it hardly rates y further space. John Gnare's *Day of Surprises*, which follows it, is a clever and funny tle piece well worth waiting r.

It begins with a hysterical rert from A, who is a girl workg in a library, that a stone lion inding near 42nd Street, New ork, has come down from its destal and eaten her colleague ss Pringle in the ladies' room. her male colleague, isn't very ich interested in the lion's rious behaviour, but disught about the loss of Miss ingle, whom he intended to arry. Their courtship had been oducted according to all the available books on courtship to he found on the library shelves, and not surprisingly they produced a miniature copy of Dr. Spock instead of a foetus.

All this B recounts to A before A falls into his arms to begin a new attachment. Casually she observes that the lion is walking back to its stand. "Isn't that New York for you," she remarks.

John Gnare writes with a happy, throwaway humour that recalls the better characteristics of O. Henry, which are, in fact, more worthwhile than O. Henry's currently devalued reputation might suggest. There is a school of American writers turning out one-act plays that seem to me very much the equivalent of the O. Henry-type story, and very good many of them are, and ideal material for lunchtime theatres.

B. A. YOUNG

*Derry Moore*

Howard Keel and Danielle Darrieux in "Ambassador," the new musical at Her Majesty's Theatre

**izabeth Hall**

# Music Now

## by GILLIAN WIDDICOMBE

hile the Purcell Room enjoyed laxed evening on Monday with eph Cooper telling the story Schumann, the Elizabeth Hall ured another of those ative sessions in search of a o or language which will be the 20th century what nanticism was to the 19th. sic Now is another of those embles of a dozen or more rumentalists who hope to h clean all forms, all metres, shapes and sizes, and particularly all expectations left hanging from music of the past. Their pieces are essentially simple aural ideas, extended into timelessness by equally simple—though they would have us think them impressively complicated—processes of repetition.

As usual, the evening was a mixture of successful simplicity and tedious naivety. As usual, in all nine works the first minute was interesting while one absorbed the aural material chosen; after that only two of the nine justified all their minutes. The first of these was John White's *Autumn Countdown Machine*, in which the basic ingredients were a profusion of pulses (four metronomes and four speakers counting aloud with occasional percussive effects) combined at random with simple chord progressions on paired melodic instruments (basses, tubas and four woodwind). The result was intricate and remarkably pretty.

Better still was Brian Dennis's *Frame 30:30*, in which four psalteries provided a delicate wheeze of filmy timbre in contrast to the light, bright tinkling of two toy pianos, against a strong rhythmic framework neatly paced on bottles tuned to various pitches. This I thought the evening's best piece, because it seemed much the most carefully composed. I'm cynical enough to consider that composing still counts. Fie!



**Television**

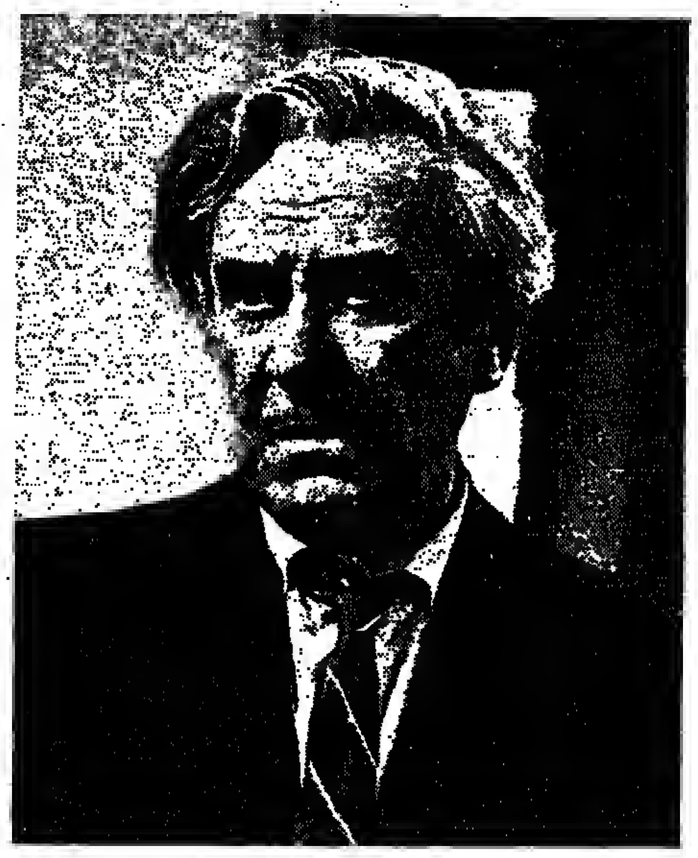
# Period promises

## by T. C. WORSLEY

Television continues its pursuit of period with the new drama series on each channel, *Upstairs, Downstairs* from London Weekend and *The Onedin Line* from BBC 1; while the BBC promise three more additions to the genre with a 15 part series on Henry VII, a six part study of Casanova and a Play of the Month on Rasputin. How many of these latter are to be merely costume drama, we shall see: the *Casanova* has at least the interest of being written by Dennis Potter which suggests it may go a little deeper.

Depth is not what is aimed at—or anyhow achieved—in *The Onedin Line* or *Upstairs, Downstairs*. *The Onedin Line* is introduced as being going to give us "the glamour of the square-rigged sailing ships of the 1860's with action, adventure and a realistic view of the harshness of Victorian life." But what we got on Friday was the most creaking and old-fashioned of romantic melodrama carried forward on a plot of positively strip-cartoon simplicity. An excuse, simply for the exercise of the admirable talents of BBC's expert wardrobe and design? And for some pretty models of ships? I can only suppose so. But I wonder if even the least sophisticated of audiences will any longer be contented with romance on quite such a feeble level of invention. We shall never know, for the majority audience is, I guess, already booked on Fridays onto the other channel when the evening starts with the no less abysmal, but even so—and I can hardly say worse—slightly preferable *The Persuaders*.

*Upstairs, Downstairs* (Sundays 10.15 ITV) in which we are to move between a Servants Hall and the Drawing Room in the town house of a rich politician at the turn of the century, also offered itself, rather more vaguely, as social history, but looks like turning into sheer romance too, though on a decidedly higher level. It has at least two great merits in Gordon Jackson as the butler and Angela Baddely as the cook. As long as either of these two is on stage we have a sure feeling of tact, restraint and reality: but the rest of the staff are mere stereotypes always in danger of excess in the writing and the playing, while the upstairs couple remain pretty shadowy outlines. The part of a pert and rebellious recruit to the housemaid's staff, which seems to be the stuff of the stories, effectively cancels out any veracity the series might have had. But Pauline Collins with her vivacity and innocent *gamine* charm is plainly going to endear both herself and the enterprise to many viewers.



Frantic from the Foreign Office—John Le Mesurier as the defector in "Traitor" (BBC 1)

Still all is not lost in the field of drama. Thames Television's Armchair Theatre (Tuesdays 9 or 10.30) has kept up a pretty high standard and is always worth the risk of a trial though it has, like last week, its failures. So, too, are the BBC 2 classics, where wardrobe and design are really used to some good purpose and "period" is not just an excuse for a nostalgic wallow. Thus, the Thirties were made extremely meaningful in Robin Chapman's adaptation of Huxley's *Eyeless in Gaza*, just finished. I much admired this: I admired it for its wholesale contempt for mere realism and its presentation of a literate, even if a literary dialogue. I admired it for the quietly convincing performance of Ian Richardson in the super-difficult role of Anthony Beavis, amateur philosopher. I admired it for its telling use of flashback where the repeated symbols from the past echoed and re-echoed through the action. James Callan Jones was the imaginative director.

A telling use of the symbol in flashback also distinguished the first of a new series of Plays for To-day, Dennis Potter's *Traitor*. I found this one of his better plays. The defector from the Foreign Office to the USSR was to be interviewed in his Moscow flat by a bunch of Western journalists. And the first thing that struck me as very sure-footed (a marvellous performance by John Le Mesurier was assured in advance) was the director's casting and treatment of these journalists. For once, and at last, not the conventional stage journalists, flip and bad mannered, but the kind of serious and concerned men (Jack Hedley, for instance, and Neil McCollum) who do in fact represent leading newspapers in a foreign capital.

The flashbacks represented not only an early disturbance of personality—in the barbaric world of the English Prep school—but also the barbaric living conditions of the workers and the horrific unemployment of the Thirties which could account for a young man of his background turning to communism. These were used artfully as kind of self-justifications—they still leave a gap, though, between the turn to the Left (common enough in upper middle class young men of the period) and actual defection.

I don't think we really got near enough to this by the end of the hour, and I did not see the point of the end—a replay of the beginning where the journalists are on their way up to the flat and the defector, preparing to meet them, is shown doing something which was omitted first time round, namely discovering the bugging device under the table and murmuring "So they don't trust me." A highly intelligent man and an experienced spy, he would surely have known that he was under perpetual surveillance—and we had never expected anything else. What held us in fact was largely the performance of Mr. Le Mesurier fighting through the whisky fumes to keep up a front in the presence of fellow countrymen who politely despised him. Alan Bridges, the director, only lost his way once, I thought, when he allowed the defector to go too far in crawling about the floor.

*

I applaud the BBC's policy in opening Television in general and itself in particular to a wide critical discussion in its *Late Night Line Up* on BBC 2 on Friday. The subject was the allegedly inadequate and biased treatment of the Trade Unions and of strikes, and the misrepresentation of the working class in programmes like *On the Buses* and *Coronation Street*. It has been proved a thousand times that symposia of this kind are self-defeating, if there are so many prospective speakers present that there isn't time for anyone except the introducer to establish his point of view; and this point was proved once again in this discussion, even though it went on till quarter past midnight. In any case 10.40 is rather an absurd time to begin a discussion, especially on this subject, since those primarily concerned — "the workers" — could hardly be awake to be watching even if they wished to be. And this underlined a certain unreality in the proceedings, led by the Labour MP, Philip Whitehead. After all "the workers" themselves cannot be as insulted as theoretically they should by programmes like *On the Buses* and *Coronation Street*, since they must make up a large proportion of those who vote them into the top-rated programmes week by week.

There is everything to be said, all the same, for programmes in which the BBC allows its critics freedom to voice their views and for those views to be discussed. The problem is to find a formula flexible enough to allow this to happen. It will certainly mean a much smaller panel than we had on Friday, a much closer knit discussion and a rather briefer introduction. I hope someone at the BBC will continue to search around for the ideal format.

**Richmond Theatre**

# Ballet For All

## by CLEMENT CRISP

To cram four hundred years of ballet history into two hours, and illustrate the story with extracts from some of the most important ballets, is no mean achievement. But this is what Ballet for All's programme *Sun King, Swan Queen* just, just manages to do. In the first part, which takes us from the 16th century to the immediately pre-Romantic era, the job is well done. Peter Brinson subtitles the programme "A Panorama of Ballet," and within the proven framework of two actors as narrators and dancers as demonstrators, he contrives a remarkably succinct history of dance from Pavane to Filippo Taglioni's anacreontic ballet of 1818, *The Return of Springtime*. The re-creation of the dances is the scrupulous work of Mary Skeaping, and ballet's progress from court to stage is clearly stated.

The second half of the programme moves in rather bigger jumps, from Bournonville's tribute to the class of Auguste Vestris of the 1820s in *Conservatoriet* to contemporary classic style in Peter Wright's *Mirror Walkers*. The giant steps here—*Giselle* to *Swan Lake* to *Mirror Walkers*—unfortunately pass over certain vital periods: Diaghilev gets no mention at all, nor does Petipa, and it remains for Ballet for All's other programmes to fill this educational gap.

For these are educational, however cunningly disguised as entertainment, and as such they are of considerable importance in fostering and encouraging a love and understanding of ballet, especially in centres not fortunate enough to receive regular visits by ballet companies. For this reason alone Ballet for All deserves our gratitude and admiration: *Sun King, Swan Queen* is well thought out, well reasoned, and its sins of omission seem those necessitated by programme length. This season's group of dancers are young, slightly o'er-parted by their roles—sheer physical weight is often at a premium in their account of the choreography—but they are willing, and pleasing in manner.

For the record let me advise you that from to-night onwards the programme will change to *On with the Dance*, which offers a contrast and commentary on both ballet and modern dance.

**Arts, Cambridge**

# The Three Sisters

## by B. A. YOUNG

Richard Cottrell has an effective touch with Chekov; the first thing you notice about this production of *The Three Sisters* (for which he has provided a new translation) is the way in which the characters appear ordinary, upper-middle-class people, rather than the set of eccentrics they so often appear.

At the core, there must always be the three Prozorov girls themselves, drawn so firmly by the author that there isn't anything to add or take away. Stephanie Bidmead (Olga), Virginia McKenna (Masha) and Patricia Brake (an unusual Irina) are a well matched set, and Michael Pennington has made Andrei a much more personable young man at his first appearance than one has become accustomed to—recognisably a Prozorov, conceivably a potential professor.

The first act, set in an unusually light, open scene, with no walls but a plain neutral-coloured panel as background, and only a step to divide the drawing room from the dining table upstage, is very effective. A change of furniture, a change of lighting and a run of screens turns the scene into the bedroom for the fire; the garden in the last act needs only a tree and a garden seat on the empty stage. The designer is Keith Norman.

Prunella Scales, ripening marvellously from the gauche girl of the beginning to the spoilt mistress of the house at the end, is so good that she tends to submerge the sisters when they are on the stage together. In general, the marginal characters have been humanised either by upgrading or downgrading. John Cater's doctor is all the better for being less eccentric than customary, Daniel Massey's Tusenbach rather nicer than usual, John Cording's Soliony less improbable than usual. Alan MacNaughton has kept any hint of the romantic out of his make up, and so emphasises the pathos of his affairs with Masha. Betty Hardy is an excellent old Nanny.

The acting seemed to me to be flagging towards the end of a long evening. Olga and Masha become intensely theatrical in the last scene, and Andrei addresses the audience with his private miseries as if soliciting their votes. Even the translation, that begins so serviceably, allows an occasional line like "The migrant birds are already flying away."

**Letter from Washington**

# Kennedy Concert Hall

## by DAVID HAMILTON

A few days' experience of the new John F. Kennedy Center for the Performing Arts in Washington, D.C., soon leads one to the conclusion that the pleasures it may provide are destined to be primarily aural in nature. Aside from the acres of Carrara marble—surely the most depressing form of expensive facing known to man—the architect, Edward Durell Stone, has shown, both on the exterior and in the public lobbies, an utter disregard for any element of human scale, while the details of decoration throughout are of a sort one would expect in, say, the establishment of a very posh Fifth Avenue beautician, drawn on a megalomaniac scale.

Even the formally clumsy lobbies of New York's Metropolitan Opera House are more inviting in the way they display the contact and movement of people than is the sterile vastness of Stone's "Grand Foyer," which stretches the full length of the building and manages to look unpopulated even when full of people. Even more devastating, perhaps, is the way in which the approach dwarfs the interior of the actual auditoriums—the architect seems to be saying that neither people nor music are as important as the assertion of sheer empty space.

It is, in fact, true that the two halls for music in the Kennedy Center (a third theatre, for spoken drama, is not yet completed) are relatively small; one might even say that for their purpose they are the most reasonably proportioned spaces of any major halls raised during the current American arts-centre boom. No single-purpose opera theatre in the Western Hemisphere is as modest in capacity as the Kennedy Center's 2,334-seat house, although nearly all European houses (except San Carlo and La Scala) are still smaller. Despite the oppressive red-plush decor (everything is red: ceiling, walls, carpets, seats, curtain), the visual and acoustical intimacy will surely be counted a gain by performers and listeners alike—although not by impresarios, who are already groaning loudly about the price scales that will be necessary to produce adequate grosses at the box office, even with full houses. (I should make clear that the U.S. Government plans no subsidy for performances at the Center, considering its obligation complete upon provision of part of the construction funds. As a result, the architect's commitment to a musically valid size—which may well have been inadvertent, the result of limitations of site and funds—inevitably will entail a further commitment to an economically elite public, or else a restriction of booking to low-cost attractions.)

The Concert Hall, which seats 2,759, is drawn to a conservative rectangular plan, with shallow balconies around three sides; the interior wood is painted ivory, and would be pleasant enough except for the tacky rhinestone-like lighting fixtures. I heard two concerts there during the opening week: the National Symphony's opening programme and a chamber programme by the Istomin-Stern-Rose trio. Washington's resident orchestra, now under the direction of Antal Dorati, is reputedly much improved over its former estate, but remains conspicuously deficient in refinements of pitch, ensemble, and tonal quality; because of this, one could not be entirely certain about the hall's acoustical character, although the sound had considerable presence and good frequency balance, as well as very precise timbral differentiation, especially evident in Stravinsky's *Rite of Spring*, an interpretation in which colour was vastly emphasised at the expense of line and structural continuity. A reduced orchestra was used for the Mozart G-major Violin Concerto (with Isaac Stern as a decidedly shaky soloist), and the quality remained good.

As far as the chamber concert was concerned, one could hardly expect better sound in a hall of this size; even at the back of the orchestra floor, there was still intimacy and presence, as well as clarity of detail. Stern's technical difficulties were less in evidence, and the group offered solid, reputable performances of repertory standards. The sight of scattered empty seats on this occasion, only the third night of the hall's operation, reminded one of the widely expressed doubts that an audience for concert music really exists in the Washington area—but there seems little doubt that at last the city has a suitable place in which to perform such music.

*Derry Moore*

Robert Lefever (Adelberto) and Anthony Raffell (Emireno) in the Handel Opera Society's production of "Ottone" at Sadler's Wells Theatre last night

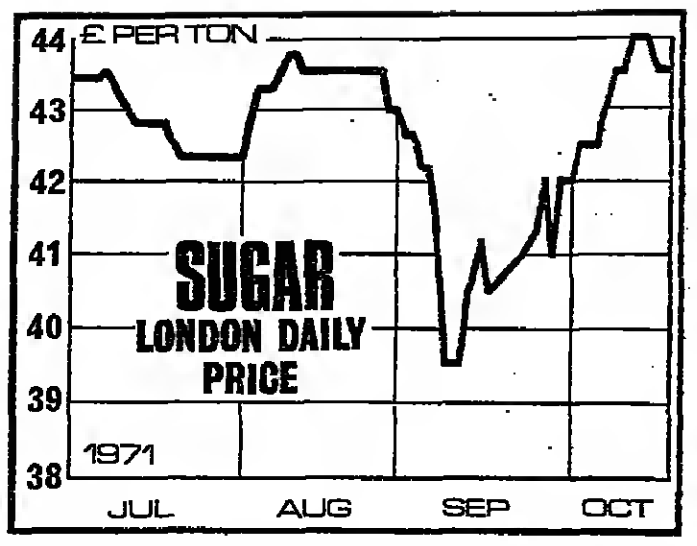
# Farming and Raw Materials

# Sugar stays steady

By Our Commodities Staff

THE overnight intervention in the sugar market by the executive committee of the International Sugar Organisation had little apparent effect on the market in London yesterday.

The London daily price was unchanged at £43.50 a ton, and on the terminal market values gradually advanced during the day and the market was at one stage very steady, with both May and August 1972 contracts quoted and traded at over £47 a ton. But prices subsequently eased from the highs and the market closed on a barely steady note, with the March futures contract at £46.67½, a rise of 75p on the day.




## Small Cuban crop

After market hours the previous day, the executive committee announced the redistribution of 200,000 tons of export quota shortfalls, and suspension for the rest of the year on the ISA provision that would otherwise have brought the remaining 400,000 tons or so of shortfalls on to the market. This would have been triggered by the ISA prevailing price being established at over 4 U.S. cents a pound, which happened yesterday.

The bulk of the extra sugar went to Cuba, Australia, Brazil and South Africa, but there were no indications on the market yesterday of any first-hand sellers making use of their extra quota, and therefore no selling pressure from this source.

In any event, it is believed in some market circles that Cuba will have difficulty in fulfilling any extra export entitlement. Its last crop was much smaller than the previous one, while a start on the new crop is not expected before the beginning of next month, so it will be the middle to end of November before it has any quantity to sell.

The market is now increasingly looking to the situation in 1972. The 150 executive committee has already recommended to the full Council meeting from November 17-19 to fix initial export quotas for 1972 at 105 per cent. The quota level at the start of 1971 was 100 per cent. but with prices soaring (the LDP reached a peak of £53 a ton) quotas were soon automatically raised to 110 per cent. before being reduced subsequently.

There is an impression in some market quarters that 1972 quota levels anyway might prove somewhat academic since, the argument runs, consumption growth is outstripping production and this could lead to quota restrictions being removed altogether. Even if the removal was only temporary, it would prevent exporters being penalised for overshipping, and therefore would effectively end curbs on exports. How true this picture of the future will prove remains to be seen.

# Hill farms subsidies to continue

THE Minister of Agriculture, Mr. James Prior, announced yesterday that he intends to continue "for a further period" the payment of subsidies for cattle and sheep kept on hill farms.

Subsidy is being paid at the moment on about 7m. hill sheep, 750,000 hill cows, and 550,000 beef cows, at a total Exchequer cost of about £34m. a year.

The present subsidy schemes run out at the end of this year for hill sheep and beef cows, and at the end of next year for hill cows.

# Brazil pepper crop blighted

RIO DE JANEIRO, Oct. 19.

THE Brazilian pepper crop, originally estimated at 13,000 metric tons this year, may not reach 10,000 tons due to a blight known as Cucumber Mosaic which attacked the trees, a spokesman for the foreign trade department of the Banco do Brasil, said here to-day.

The spokesman said they did not yet have an exact estimate of the crop.

Domestic consumption accounts for 5,000 tons and a good part of the remaining 5,000 tons has already been sold, so there is little Brazilian pepper still available for sale, he added.

The London market price for Sarawak white pepper advanced again by £10 to £20 per ton for afloat and shipment positions respectively, reports Reuter. Values are being forced up by consumer demand taking up most of the dwindling nearby supplies and dealer "covering" in the firm forward market.

The news that there is little Brazilian pepper still available for sale because of the blight confirmed earlier fears.

# DUTCH COCOA GRINDINGS UP

THE HAGUE, Oct. 19.

Dutch cocoa bean grindings in September totalled 10,320 metric tons against 10,210 tons in September, 1970, bringing total grindings for the first nine months of this year to 86,870 tons against 84,980 tons in same 1970 period, the Central Statistics Office said here to-day.

Reuter

# U.K. glucose supply a 'monopoly'

By John Hunt

THE MONOPOLIES Commission has found that monopoly conditions prevail in the supply of glucose in Britain because at least one-third of the volume is provided by CPC (United Kingdom), formerly Brown and Polson.

But it has ruled that neither these conditions nor anything done by the company operate against the public interest. There was no cause for criticism of the company's leading position in the industry and no evidence of restrictive practices—a view endorsed by Mr. Nicholas Ridley for the Government in Parliament yesterday.

The findings are published in the commission's report on its investigation into the supply of starch, glucoses and modified starches. It concludes that there is no monopoly in the supply of starch or modified starches.

In the three years 1967-69 Brown and Polson, as the company then was, supplied 43-44 per cent. of total glucose tonnage but was not in a position to dominate the market.

The potential threat of imports and competition from sugar put some restraint on the prices charged by home producers of standard glucose.

There was no criticism of the company's level of profits. The commission says that the company is under constant stimulus to maintain and improve its efficiency to earn a reasonable return on capital.

The Monopolies Commission, a report on the supply of Starch, Glucoses and Modified Starches. HMSO, 48p.

# U.S. aims for sharp cut in maize crop next year

BY OUR COMMODITIES STAFF

MOVES for a substantial cutback in U.S. corn (maize) production in 1972 have been announced by the U.S. Department of Agriculture. The target is to reduce this season's record crop by about 900m. bushels next year. Included in the feedgrain programme for the U.S. are provisions for farmers to set aside 25 per cent. of their corn and sorghum acreage in 1972 compared with 20 per cent. this year, reports Reuter.

Additionally farmers will have the option of diverting an additional 10 per cent. acreage out of corn and sorghum production for payment, and later possibly a further 5 to 10 per cent. if the Department of Agriculture decides another cutback is needed when the 1972 planting intentions become known next March.

## Cotton shortage

Based on a maximum acreage set-aside, with diversions of up to 45 per cent. of growers' base acreage, the Department hopes to cut the 1972 maize crop to about 4,500m. bushels. This would reduce anticipated carry-over stocks at the end of September, 1973, to about 1,000m. bushels, compared with the 1,300m. bushels expected to be carry over stocks at the end of September, 1972.

The price support loan for 1972 corn will remain unchanged at $1.08 per bushel, basis No. 2 grade, and the guaranteed price to farmers will be unchanged too at $1.35 per bushel, USDA said. However, an initial payment will be made at the time of programme sign-up, of 40 cents per bushel for corn, 8 cents per bushel more than it paid this year.

The price support loan for grain sorghum will be increased by 6 cents to $1.79 per 100 lbs. and that of barley by 5 to 86 cents per bushel. Loan rates for oats and rye will remain at this year's 54 cents and 89 cents per bushel respectively.

The department also announced the price support loan rate for soyabeans will stay at $2.25 per bushel.

Agriculture secretary Clifford M. Hardin said the 1972 feed grain programme was designed to get at least 38.0m. acres of feed grain land diverted out of corn, sorghum and barley production, against 18.2m. acres of corn and sorghum acreage diverted this year. But the department hopes to increase the acreage planted to soyabeans next year by around 5.0m. acres.

Department officials said that of the projected 38.0m. acres diverted from feed grain output next year, it was hoped the acreage planted to [illegible] be reduced to around [illegible] acres, or 11.7m. less than [illegible] this year. With the aid of the revamped programme, it is hoped to boost acreage planted to soyabeans in 1972 to around 48.0m. acres from 43.0m.

Also announced by the Department was a virtually unchanged cotton programme for 1972. The only change is that the minimum Commodity Credit Corporation resale price for cotton will be geared to 115 per cent. of the loan support rate, instead of 110 per cent. this season.

Mr. Hardin said the goal of the 1972 cotton programme was to produce enough cotton to meet anticipated demands and bring about some increase in carry-over stocks by the end of next season.

## Loan rates

However, disappointment at the lack of any incentive for U.S. cotton growers to produce more next season was the initial reaction in Britain yesterday. In view of the shortage of world cotton supplies, it had been hoped that the U.S., the world's biggest producer of cotton, would do something to relieve the scarcity and reduce the high prices which are causing a sharp downturn in cotton consumption.

# Bid to avoid coffee export cut

BY OUR COMMODITIES STAFF

PRODUCERS of "other mild" arabica type coffee have called a special Board meeting of the International Coffee Organisation on October 26 in a bid to avoid suffering a 2.5 per cent. cut in their export quotas. They claim that exceptional market conditions have kept "other milds" prices at below the "floor" level set under the Coffee Agreement, thus triggering off the threat of a cutback in the amount producers are allowed to export.

Other milds coffee has been below the floor price of 44 U.S. cents a pound since the beginning of the new coffee year on October 1 and is currently standing at 42.88 cents. It is likely therefore to complete the required countdown period of 15 market days below the "floor" price by October 22 and be liable to a 2.5 per cent. decrease in the quota of 9.6m. bags.

## Prices undermined

Under the rules of the Agreement, a meeting of the ICO Board can be called within six days from the end of the countdown period to suspend or decrease quota cuts if special circumstances justify such a move.

The "other milds" producers, who include El Salvador, Guatemala and Mexico on the Board, as well as other countries in South America, the Caribbean, Africa and India, consider that present market conditions are exceptional.

Reuter reports that the El Salvador ambassador to the U.K., Alfonso Quinonez, who is also president of the ICO's diversification fund, claimed the dock strikes in the U.S. have prevented the "other milds" group from selling as much coffee as usual to its largest customer. This exceptional situation had undermined prices which were not reflecting the real market trend, he added. It was a similar situation to that in January, 1969, when the Board had cancelled a quota cut because of exceptional circumstances.

However, market sources yesterday pointed out that the U.S. dock strike had affected all coffee shipments, but the other groups were above their "floor" levels and so was the composite price, comprising all groups. It is felt that "other milds" has been suffering from consumers tending to favour Robusta type coffees more, while the new hard selling policy adopted by Brazil for its unwashed arabica coffee is also believed to be hitting "other milds" sales.

Our Kampala correspondent reports: Coffee growers in Uganda are to be paid more for their crop with immediate effect, a statutory instrument published here states.

The price for unhulled sun dried Robusta goes up from one shilling six cents to one shilling 19 cents per kilogram.

The increase is understood to have been decided after an examination of costs and as an incentive to growers. This is despite the fact that Uganda cannot at present export all the coffee bought from individual growers.

# Rise in Israel farm output

By Our Own Correspondent

JERUSALEM, Oct. 19.

ISRAEL'S total agricultural production in the year ending September 30, reached a value of £250m. compared with £200m. in the previous 12 months it was announced here.

The main increases were in citrus up £19m. to £57m., meat up by £8m. to £46m., grains and pulses up by £3.5m. to £9m. as well as smaller increases in the production of flowers (mainly for export) fish and fruits.

# U.K. grain crop forecast

By Our Commodities Staff

A RISE of 1.7m. tons in the U.K. grain crop this season is forecast by the Home Grown Cereals Authority in its latest estimate issued yesterday.

Using the Ministry of Agriculture's September estimates of yields in England and Wales, and applying these to past figures from Scotland and Northern Ireland, the Authority has calculated a total crop for the U.K. of 14.5m. tons. This includes 4.7m. tons of wheat, up 0.5m. tons on last year; 8.5m. tons of barley, up 1.1m. tons; and 1.3m. tons of oats, up 0.1m. tons.

# FALL IN TURKISH OLIVE OIL

ANKARA, Oct. 19.

Turkish olive oil production will fall to about 80,000 metric tons this year from last year's 120,000 tons, latest official estimates show.

Domestic consumption is estimated at between 70,000 and 75,000 tons.

Reuter

# Small rise in copper mine output

BY JOHN EDWARDS

WORLD mine production of copper rose slightly to 3,171,600 tons in the first half of 1971 compared with 3,135,900 tons in the first six months of 1970, according to estimates issued yesterday by the World Bureau of Metal Statistics.

However, the Bureau calculates that world refined copper output, which includes recovery from scrap, fell slightly to 3,711,800 tons (against 3,729,300 tons in 1970), during the same period, while refined consumption rose from 3,690,600 tons in the first half of 1970 to 3,715,300 tons in the first six months of this year.

Mine production increases in Canada, the Congo, South Africa, Australia and the Philippines were offset by a small fall in the U.S. and a bigger one in Zambia due to the continuing effects of the Mufulira Mine disaster. Refined production fell in most of the major producing countries. In Japan by 3.2 per cent., Zambia by 11.6 per cent., and Canada by 5.3 per cent., but was unchanged in the U.S.

Consumption in the U.S. was 1 per cent. below the first half of 1971 and 5 to 6 per cent. lower in France, Germany and the U.K. But a provisional assessment for Japan indicates that consumption there rose slightly.

Exports of refined copper from Western countries to the Communist bloc are put at 40,000 tons, partially offset by 9,000 tons of imports. China was again the principal country of destination of exports accounting for over 25,000 tons.

## U.S. strike

By contrast with the continuing rise in stocks of refined copper held in LME warehouses, the Bureau said stocks held by consumers in France, Germany and the U.K. all showed some decline but rose in the U.S. on building up in anticipation of the strike in the U.S. copper industry in July.

Reuter reports from Arizona that Mr. George Munroe, Phelps Dodge Corporation president, told a financial analysts meeting he estimated perhaps 150,000 tons of mine production was lost as a result of the U.S. copper workers strike. But the actual loss of refined copper to the market was "considerably greater" because the strike shut down almost all the domestic smelters for one to two months.

Commenting on Chile, he said there was "little indication that the situation was likely to improve materially in the near future."

It now appeared total Chilean production this year might be about 800,000 short tons against 755,000 tons in 1970 and "far below the planned 1971 output of 1.1m. tons."

On the London Metal Exchange yesterday, copper values lost ground, following a downward trend in New York. One reason given for the decline is persistent rumours that Japan was planning to export some of its surplus smelter stocks on to world markets. No confirmation of these reports is available, however.

The LME zinc market was again active with further heavy buying believed to be on behalf of the producers. This apparently open support to the market by producers, which has not been seen for some time, helped steady prices at a time when they were tending to weaken after their recent spectacular increase. The firmness in zinc also helped boost lead values.

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Turned easier on the London Metal Exchange in line with the trend in the New York market where rumours were circulating of a possible disposal of Japanese surplus stocks. In London's late Kerb dealings, however, prices tended to recover, possibly on some short-covering. Turnover 11,050 tons.

Henry Gardner and Co. reported that in the morning cash wirebars changed hands at £423, 22.5, 22. Late-Nov. £426, early-Jan. £429. Three months £429, 29.5, 30, 29.5. Kerb: Cash untraded. Three months £430, 29.5. Cash cathodes £414, three months £418.5, 19. Kerb: Untraded. Afternoon: Cash wirebars £421, 20, early-Nov. £423, mid-Nov. £423, late-Dec. £426, early-Jan. £426.5, mid-Jan. £427.5. Three months £428, 28.5, 28, 27, 26.5, 27. Kerb: Cash untraded, early-Jan. £427, three months £427.5, 28.5, 29. Cathodes: Cash £411, 10, 09.7. Three months £417.5, 16.5, 17, 16.5. Kerb: Three months £416.5, 17.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 422.5-3 | —5.5 | 420-.5 | —9 |
| 3 months | 429.5-30 | —3.5 | 427-.3 | —9 |
| Settlem't | 423 | —5.6 | — | ...... |
| Cathodes | | | | |
| Cash | 411.5-2 | —6.5 | 409-10 | —7.75 |
| 3 months | 418.5-9 | —6 | 416-.5-7 | —7.5 |
| Settlem't | 412 | —3.5 | — | ...... |
| U.S. Smt. | — | ...... | 32.75-53 | ...... |

TIN—Marked time in line with the Penang market where it was assumed that buffer stock support was being maintained. Turnover 675 tons.

Morning: Cash £1,401. Three months £1,405, 04. Kerb: Cash £1,400. Afternoon: Cash £1,400, 01, three months £1,405, 07. Kerb: Cash £1,402.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 1400-1 | ...... | 1400-2 | —.5 |
| 3 months | 1404-5 | ...... | 1406-8 | +1.5 |
| S'ment | 1401 | ...... | — | ...... |
| Straits E. | 1424.63 | ...... | — | ...... |
| New York | — | ...... | *167.00 | ...... |

LEAD—Edged higher under some influential buying of three months metal which was seen in both the morning and afternoon Rings. A more general demand developed on the kerb. Turnover 2,525 tons.

Morning: Cash £90.75, 91. Three months £92.75, 93, 93.25. Kerb: Untraded. Afternoon: Cash untraded. Three months £93.5, 94, 94.5, 94.75. Kerb: Cash £92, 92.5, mid-Nov. £94, three months £94, 94.5, 94.75, 95.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 91-.3 | +1.125 | 92-.5 | +1.625 |
| 3 months | 92.25-.5 | +.5 | 94.5-.75 | +2 |
| S'ment | 91.5 | +1.25 | — | ...... |
| N.Y. Spot | — | ...... | *14-14½ | ...... |

ZINC—Small backwardation appeared for the first time since late-January following some fairly substantial influential buying of cash in the morning which was thought to have been on behalf of the producers. There was also a little more consumer demand. Turnover 3,725 tons.

Morning: Cash £139, early-Nov. £139.25, £139, mid-Nov. £139.25. Three months £139.25, £139, £138.75. Kerb: Untraded. Afternoon: Cash untraded. Late-Nov. £139, three months £138.75, £138.5. Kerb: Untraded.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 139-.25 | —.125 | 138.75-9 | —.25 |
| 3 months | 138.5-.75 | —.5 | 138.0-.70 | —.5 |
| S'ment | 139.25 | —.25 | — | ...... |
| E.St.Louis | — | ...... | 17.00 | ...... |

* Cents per lb. † On previous unofficial close.

## COCONUT OIL

[illegible]

## COTTON

[illegible]

## SILVER

[illegible]

## COCOA

[illegible]

## FREIGHTS

[illegible]

## COFFEE

[illegible]

## RUBBER

[illegible]

## SOYABEAN OIL

[illegible]

## GRAINS

[illegible]

## SUGAR

[illegible]

## SUNFLOWER OIL

[illegible]

## WOOL FUTURES

[illegible]

## JUTE

[illegible]

## MEAT/VEGETABLES

[illegible]

## PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

## INDICES

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

## U.S. Markets

NEW YORK, Oct. 19.

[illegible]

## American News

# Kosygin may visit Cuba

By Our Own Correspondent

MOSCOW, Oct. 19.

R. ALEXEI KOSYGIN, the oviet Prime Minister, seems kely to visit Cuba before return- ig to the Soviet Union from anada, according to sources ere.

It can be presumed that he will ant a first hand account of cent developments in Cuba and e economic situation of a ountry to which the Soviet overnment has been giving nsiderable aid.

Our East European Corres- ondent adds: Mr. Kosygin's pro- cted visit—the first by a mem- r of the ruling Kremlin troika nce it came to power in 1964— further evidence that Cuba d the Soviet Union are going rough a comparatively concilia- ry phase. They have been ought closer through the sign- g last month of an agreement der which the Russians will be lding in the further mechani- tion of the island's sugar dustry.

This agreement also embraces ys in which Cuba can be lped to develop new sources electrical power and to im- ove the efficiency of its ports. was signed despite the inde- ndent foreign policy line— rticularly towards Latin merica continent — that has en adopted by the Cuban ader, Dr. Fidel Castro.

### Mechanisation

In deciding to assist the land's sugar industry, the ussians must also be aware of e poor results of this industry recent years. A month ago, . Castro once again under- led the high costs that had en incurred by last year's un- ccessful attempts to meet a m. output target, and said he ought that the harvest next ar would not even reach the . tons achieved this year.

Dr. Castro urged on this casion that mechanisation in e industry had to be increased if only to prevent manpower ortages elsewhere. To this d, the Russians have agreed send Cuba yet more equip- ot for cutting and transporting ne, and to try out new equip- nt to meet Cuban conditions.

# First rise in industrial production for 4 months

BY GUY DE JONQUIERES

WASHINGTON, Oct. 19.

INDUSTRIAL production rose by 0.5 per cent. in September, the first increase in four months, but housing starts slackened off from the high level they reached during the summer. Although the upturn in the production index has set it in the right direction, the increase is far from the vigorous growth which the Administration is seeking and which President Nixon set out to promote in his August 15 economic package.

According to the Federal Reserve, the increase largely reflected the partial recovery of iron and steel output, which is beginning to rise as manufacturers exhaust the stocks which they laid in anticipation of a possible steel strike this autumn.

In the rest of the manufacturing sector, however, the picture is still one of considerable slackness. Production of machinery, transportation equipment, lumber, clay, glass and furniture all fell, and car assemblies showed no change from the 8.5m. units annual rate set in August.

The index of physical production of factories, mines and utilities for September stood 1.1 per cent. below the level of a year ago and 6 per cent. below the peak of July 1969. It was only 2 per cent. above the level to which it fell during the General Motors' strike last November.

The response to the figures among Administration economists is that they cover only the first full month after Mr. Nixon's new measures went into effect and that additional stimulus will be provided by his tax-cut programme when it has been approved by the Congress.

## Extend controls

Housing starts were 12 per cent. below the August level, in spite of a recent decline in interest rates, which might have been expected to stimulate house building. This phenomenon was explained by Government economists as the result of postponement of building activities in the hope that interest rates would decline still further.

President Nixon to-day sent to the Congress legislation extending his authority to control wages and prices by an additional year. He also asked for new authority to control interest rates.

The legislation will be used to implement "phase two" of the President's anti-inflation programme, which he revealed 10 days ago. Prospects for prompt Congressional action are considered good.

The legislation would authorise the President to control interest rates at "levels consonant with orderly growth," though it does not specify what methods would be used. However, senior Treasury officials repeated Mr. Nixon's earlier statements that it is not expected that the authority will have to be invoked in the light of the recent declines in rates under the pressure of market forces.

The Administration has also asked for the inclusion of a $2,500 civil penalty for violation of controls in addition to the current $5,000 criminal fine. It is generally agreed that civil cases are easier to win than criminal cases in this area.

# Work begins soon on key Brazilian dam project

BY HUGH O'SHAUGHNESSY

RIO DE JANEIRO, Oct. 19.

WORK is to start shortly on a massive power and irrigation scheme which it is hoped will revolutionise agriculture in one part of the poverty-stricken north-east of Brazil. The green light has been given for work to start on the Sobradinho Dam at an estimated cost of more than £71m.

It will create one of the largest man-made lakes in Latin America, providing water for irrigation and regulating the flow of the Sao Paulo Affonso Hydro-electric Complex. The storage of water will allow the north-east to withstand better the effects of drought. This is currently the second year drought has reduced much of the region to desert, bringing about near famine conditions and widespread social unrest. Trains carrying food and food warehouses have been attacked many times by hungry peasants in the past two years. Annual per capita income in the region is less than £40.

The dam's main function will be to control the flow of the Sao Francisco, a major river, with year round flow in the north-east to the Paulo Affonso complex. This will enable generating capacity to grow to 2,000 kilowatts and provide more abundant power for a region which contains a third of Brazil's population. It will also improve the possibilities of navigation on a useful artery of communications. Four large towns will disappear under the waters of the reservoir as well as 11 small centres of population. The official announcement that work will begin on January 1 is expected from Brasilia shortly, some 20 years after it was first mooted. A massive amount of cash and technical assistance will be needed to make any dent in the poverty of the region and to stimulate local initiative particularly in the light of the policies of the military to crush direct action by peasants and repress all but token activity by groups independent of the Government.

## DOCKER SHORTAGE ON WEST COAST

SAN FRANCISCO, Oct. 19.

While a manpower shortage hampered America's West Coast dock work, Longshore Union president Harry Bridges issued a call for "unified labour power" to win a suitable contract after the current 80-day non-strike order expires.

At the ports of Long Beach, Los Angeles and San Francisco, there were more ships than unloading crews on Monday. In San Francisco, James Robertson of the Pacific Maritime Association said 37 ships were being handled on Monday, well above the normal load for a week-day.

AP

# Citibank may 'float' its prime rate

By Jurek Martin

NEW YORK, Oct. 19.

ANOTHER float in the financial world is in prospect with the disclosures by senior officers of First National City Bank of New York that the bank might soon inaugurate a plan under which the prime rate would move automatically with open market interest rates.

The prime rate is that charged by the banks to their best corporate customers and has achieved a symbolic importance equivalent to that of the bank rate in Britain. It is no secret that the American banking community has become increasingly unhappy with what it considers the rigidity of the prime rate system.

Now it would appear that Citibank is prepared, in effect, to "junk" the prime rate. Mr. Walter B. Wriston, the bank's chairman, and Mr. Edward L. Palmer, chairman of the executive committee, both said at a Banker's conference in San Francisco yesterday that only a few points in the new programme remained to be ironed out and that a formal announcement would be made fairly soon.

According to Mr. Palmer, a new floating prime rate would be pegged somewhat above the prevailing rate on 90-day commercial paper.

THE ONTARIO ELECTION

# A challenge from the young

BY JIM SCOTT, TORONTO CORRESPONDENT

THE VERDICT of the voters in the Ontario provincial election to-morrow will be of national significance to Canada and may even have reverberations beyond, since Ontario is the economic linchpin of the nation.

The province has been run by the Progressive Conservatives who, 28 years ago, turned out the Liberals. The third contender for office in Canada's most populous, most industrialised and wealthiest province is the socialist New Democratic Party.

Ontario is the ninth of Canada's 10 provinces to hold an election in the past two years. In each of the other provinces, with the possible exception of Quebec, the issues and outcome have been local, or regional, in importance. There are, of course, many local issues in Ontario, but there are others of great national and international significance. The five main issues are: the state of the economy, employment, the environment, the role of Ontario in the eternal debate about the Confederation of Canada, and foreign control of the province's industries. The goals of the three parties appear to be similar on the first four issues: strengthen the economy, make more jobs available, clean up the environment and fight to prevent the break-up of Canada into two or more independent states or countries. It is in the area of foreign investment that the parties differ in their approach.

## A carrot

All three parties make nationalist sounds when foreign control is mentioned. But the Progressive Conservatives are using a carrot to entice greater Canadian investment, rather than a stick to beat off foreign investment. In fact, the Conservatives are continuing to subsidise foreign investment in regions designated as slow-growth areas, although they have established a system of reviewing applications from companies involved in the financial sector and have deferred decisions in one or two cases in the past few weeks.

In a campaign speech, the Ontario Liberal leader, Mr. Robert Nixon, criticised the Federal Liberal Government for being far too slow to assert Canadian economic independence. He promised fast action if his party wins the election, including a foreign investment review Board to screen foreign take-overs and investment. He would turn the Ontario Development Corporation, which has been making non-repayable grants to outside companies seeking to establish plants in Ontario, into a buyer of last resort that would step in and purchase key industries threatened by a foreign take-over.

The New Democratic Party, which has been active in provincial politics since the depression days of the 1930s definitely follows a nationalistic theme, thundering away at foreign control of the province's industry and domination of the economy by the U.S. It has promised to nationalise the natural gas industry in the province, although this is one area that is completely Canadian-controlled.

In the past two years, Canadians have seen a row of strong provincial governments toppled. There have been elections in eight of the 10 provinces since June, 1969, and six governments have been voted out of office. There is no simple agreed theory to explain the trend. The voters have not been moving from right to left, favouring one party rather than another, or reacting against the entrenched power of the Liberal Government in Ottawa.

The Liberals ousted the Conservatives in Nova Scotia; the Conservatives defeated the Liberals in neighbouring New Brunswick; the New Democrats replaced a Conservative Government in Manitoba and a Liberal incumbent in Saskatchewan; in the third Prairie Province, Alberta, the Conservatives defeated the Social Credit Party, which had been in power for 36 years and which was often described as more conservative than the Conservatives themselves. Only the Liberal Government in Prince Edward Island add the invincible Mr. W. A. C. Bennett, leader of British Columbia's Social Credit Party, survived the voters' restless urge for change.

If these contrasting results mean anything in terms of labels and ideologies, they tend to confirm what has been suspected for several years: ideology, if not dead, is a sleeping force in the politics of modern pragmatic society in Canada. Age may be respected, but does not seem to be trusted in politics. To be young is to be progressive and with it; to be old is to be out of step with the modern tempo. The proof appears to be that the average age of the six new premiers who were elected is not quite 41. Their ages range between 35 and 46.

Recognising the public appetite for change and for youth, the Ontario Conservatives named Mr. William Davis earlier this year to take over the leadership from Mr. John Robarts, who had been Premier for 10 years. Since taking over the leadership in March, Mr. Davis has been making policy decisions that dramatically distinguish him from the previous leader and he has been striving to appear as young as his 42 years by wearing discreetly long, but windblown, hair and mod suits.

He was no charismatic wonder when he was chosen to take over the Tory banner and his image has not changed much since, but he has looked and sounded more contemporary. He has tried to reach the young by granting them voting rights and permission to drink alcohol in public at the age of 18, but he has not forgotten the elderly and has promised the over 65s freedom from medicare expenses.

His opponents also are young. Mr. Nixon, who unsuccessfully led the Liberals in the previous election, is 43. If it is true that change is in the air, this is his chance. At the dissolution, his party was the official opposition, holding 27 seats, six more than the New Democrats, but well short of the 68 held by the Conservatives. The Liberals' strategy is to take advantage of the wide gap between the policies of the Conservatives and the New Democrats — presenting themselves as the viable alternative to the electorate by using a middle of the road approach.

Mr. Stephen Lewis, whose father is the leader of the New Democratic Party in the Federal Government, leads the New Democrats in the provincial election. He is a cocky 33-year-old. His party has an enormous capacity for work and an ambitious something-for-everybody programme. Its approach is "tax the rich and help the poor"—and it concentrates its efforts on trying to get a solid vote from the blue-collar worker as well as the white-collar worker. In the past, it has been the white-collar worker who has given the party a good part of its strength, while the blue-collar men have remained fairly aloof.

## Great appeal

The trend that has swept the Canadian political scene in the past year or two began in 1968 when Mr. Pierre Trudeau came to power as Prime Minister of Canada on the first wave of the clamour for change and youth. His great appeal was that, at 47, he was new and different and comparatively young. He was so much in the style of the impermanent, rapid-change society that it was widely suggested he might quit before his first term was up—simply grow tired of being Prime Minister and walk away from the job. Instead, he has stuck to his office and changed his image from political swinger to solid conservative, from gay bachelor to sedate family man.

If the theory of political change is true for the provinces, it also may apply to federal affairs despite Mr. Trudeau's efforts and he may be in danger of becoming just another worn-out political object, to be thrown away by voters seeking a change and a new thrill. But where is the new man, with the promise of youth and change, to whom the voters can turn? Mr. Robert Stanfield, the leader of the opposition Progressive Conservative Party in the Commons, is 57. Mr. Davis Lewis, who has been on the Canadian political scene as a prominent socialist for 35 years, and is leader of the federal New Democrats, is 62. Not much of a choice for restless voters hoping for a new taste sensation.

# 6.3% growth for U.S.

PARIS, Oct. 19.

THE U.S. is expected to have a real GNP growth of 6.3 per cent. at an annual rate during the first half of 1972, estimates prepared by the Organisation for Economic Co-operation and Development (OECD) show.

The estimate compares with an increase of 4.1 per cent. in the 1971 first half and an estimate of 4.6 per cent. for the 1971 second half. The figures were disclosed at a Press conference to-day by the German Bundesbank's vice-president, Otmar Emminger.

GNP growth for the other six major countries of the OECD, Canada, Japan, West Germany, France, Great Britain and Italy, is expected to increase at a 4.8 per cent. annual rate in real terms during the 1972 first half. This compares with combined growth for the six countries of 3.8 per cent. in the 1971 first half

AP

# Guyana savings control

GEORGETOWN, Oct. 18.

Prime Minister Forbes Burnham, detailing his Government's plans to "miniaturise" the operations of foreign commercial banks in Guayana, has said it was intended to take local savings completely out of their hands.

Foreign banks operating in Guyana are Barclays, the Royal Bank of Canada, the Bank of Nova Scotia, the Chase Manhattan Bank and the Bank of Baroda.

If foreign banks wish to continue operating in Guyana, he said, "they can only operate here as lenders of off-shore money—money that they bring in from abroad to lend into our economy." The expectation was, be added, that when this policy was implemented, foreign commercial banks would not be able to keep local cheque account deposits.

Reuter

# Export News

## IN BRIEF

### £3.5m. more for STC

Standard Telephones and Cables has been awarded a further contract for a suhmarine cable system in the Carribean area. The contract, valued at £3.5m., is for a system that will carry 160 telephone circuits between the Netherlands Antilles islands of Curacao and St. Maarten, with an extension to St. Thomas in the Virgin Islands where existing cables to the U.S. offer direct access to tha world communications network.

*

Laminaciones da Lesaca, Navarra, Spain, a steel strip producer, has placed with Loewy Robertson Engineering Company, of Poole, Dorset (a Davy-Ashmore company), an order worth more than £575,000 for the supply of one four-high reversing cold mill and one two-high skin pass mill.

The mills will he used to produce precision tolerance mild and carhon steel strip up to 425 mm wide in a range of thicknesses down to 0.12 mm.

*

Contracts in Scandinavia worth some £750,000 have been secured by Harris-Economy, the U.K. subsidiary of the American Holst Corporation. Jersöner, Sweden's scrap processing complex, bas purchasad five Harris-Economy shears and conveyor systems at £450,000.

Volvo, the Swedish car manufacturer, has ordered two fully automatic shearer type haling presses, worth £100,000, for the new production line at Olofström.

Tko 500-ton shears, valued at £190,000, are being manufactured by Harris-Economy for the Danish scrap processing merchants, Jensen of Aalborg and Hansen of Odense.

£7m. DEAL WITH ALFA ROMEO

# Automotive Products gears up for Europe

BY JAMES ENSOR

ALFA ROMEO bas decided to use the Automotive Prodncts Mark 111 as the standard automatic transmission for its entire car range. Initially the gearbox is likely to be offered in the Alfa Romeo 2000 but later it should be available in the Giulia 1300 and Giulia Super. It is also possible that the automatic gearbox will ultimately be offered as an option in the new 1250 c.c. Alfa which the company will unveil at the Turin motor show next month.

The supply of automatic transmission to Alfa Romeo is likely to build up eventually to a rate of 20,000 nnits a year. The first deliveries will he made in 1973, the overall value of the agreement is ahout £7m.

Alfa Romeo has not previously offered an automatic transmission. The Italians have shown less interest in automatic driving than any of the other Europeans: their driving style is more sporting than any of the other nations.

But Alfa's export busioess is expanding rapidly and since Fiat now offers automatic transmissions on its largest cars and is steadily introducing them on the smaller cars, Alfa felt hound to follow.

## Competition

Automotive Products won the order against strong competition from General Motors, which offered its Strasbourg-built automatic, the German ZF and the British-hullt Borg Waroer automatics. The fact that it bas won an order from a company like Alfa which prides itself on the sophistication of its engineering is significant.

Prevously AP has supplied only the Austin-Morris division of British Leyland with automatics for use in the Mini and 1100/1300. Sales have been fairly small because demand for automatics has not yet emerged strongly in the small car market.

AP bas been negotiating with Alfa Romeo for over 18 months, since its Mark 111 transmission was first introduced. The design bad to be substantially re-

Mr. John Panks—three more projects under negotiation

engineered to suit tha requirements of the Italians who felt that Alfa drivers would need an automatic which could be changed as rapidly and flexihly as a manual. The manual override feature of the AP gearbox is now so smooth that it can match Alfa's own excellent mannal gearboxes.

Mr. John Panks, the managing director of Automotive Products, announcing the order at the London Motor Show, yesterday, disclosed that the company is negotiating with three other Continental companies for possible supply of automatic transmissions. The Mark 111 gearhox bas heen specifically designed to meet the needs of European motorists and to offer good manual changes if required.

## Problems

It is a four speed transmission and rather more sophisticated, if more expensive, than many of its rivals which offer only three speeds. Its sales, to date, have not matched its apparent promise, perhaps because of early tecbnical prohlems and the loyalty of many motor manufacturers to Borg Warner. But the Alfa order, which has encouraged AP to set up a new tecbnical sales and service company in Milan, may mark a cbange of fortune.

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Bedford bas achieved the highest truck and van exports in its history during the first nine months of 1971. A record 44,183 Bedfords have been sold abroad, 46 per cent. more than in 1970 when the company suffered severe interruptions to its production programme through strikes. Home sales also rose by 34 per cent. despite the decline in the U.K. truck market.

## Co-operation with Poland

By Our East European Correspondent

THE scope for Anglo-Polish co-operation agreements in the motor Industry and in the mannfacture of computers will he discussed by visiting Polish experts expected to take part in the London Chamber of Commerce seminar on the Polish economy and industrial co-operation, to he held in London on November 4.

Mr. Andrzej Karpinski, a leading member of the State Planning Commission, will give an outline of Poland's current economic policies with particular reference to foreign trade.

Mr. S. Gruzewski, a director of department at the Ministry for Engineering, and Mr. Marian Grzymek, of the "Co-operation Department", of the Planning Commission, will lead a discussion on the forms of organisation that co-operative ventures can he expected to take in the foreseeahle future.

Further sessions will be beld on the co-operation in the building machine industry, and in the machine tool industry.

The London Chamber, which has a Polish section of well over 600 members, held a similar seminar in London towards the end of 1969.

Mr. Gerald Barton the modeller with mini Rolls-Royce—there's a real one in the garage

# Putting a gloss on sales

**David Curry looks at a company which is going it alone in the do-it-yourself market—and has discovered that marketing is not a leisure activity**

MR. Gerald Barton leaned over the table, intercepted a piece of scampi, and sighad like a vicar committing mortal sin. "I'm supposed to have melon and consome soup," he explained mournfully. "I've got to slim down," he added, looking enquiringly towards his toes.

Genarally Mr. Barton's unmistakably Yorkshire tones do not fall so flat. For he is chairman and managing director of the Hull company Humbrol, and Humbrol and Mr. Barton hava got fat together.

The company was started in Hull by Barton's father. Soma 10 years ago it had a turnover of ahout £200,000. Now Humbrol is showing profits of £200,000 on a £1.6m. turnover.

Humbrcl makes paints, enamels and adhesives for the modelling market and the do-it-yourself enthusiast. It claims 80 per cent. of the U.K. market. Although it prodnces industrial paints, the greater part of its sales are in the tiny 15cc paint-pots for modellers.

Exports are between 25 and 30 per cent. of total turnover. But where a product is availahla hoth at home and abroad overseas sales are running at nearly 50 per cent., and 90 per cent. of all exports are in tha toy model enamel and adhesive range. In the financial year started in August the company is aiming at a 30 per cent. increae, and the first 10 weeks show the company running some 10 per cent. above target.

## Finding a need

In the first week of Octoher the company exported 842,000 tins of paint and 195,000 tubes of adhesive and modelling aids.

Tha strong export performance is relatively new. "We had heen manufacturing orientated. We lacked sales know-how," explains Barton. "We bought the marketing," ha adds.

The main "purchase" was Mr. John Gooding, group marketing manager for Clarks Shoes. He is now deputy managing director and marketing manager of Humbrol.

"What we had to realise," Gooding explains, "is that we were not in the paint business first and foremost. We were in the leisure industry. We bad to sell a 'need' rather than a product.

"It was easy to discover where we were—we were producing paints, enamels and adhesives for models with outlets in model and toy shops, department stores and bazaar stores.

"What be had to decide was wbere we were going and what was our market.

## Freshening up

"On tha modelling side we decided to stay in the quality range, but we also made a pitch for the do-it-yourself market. We reckoned there wera peopla wanting to paint small articles in the house wanting small pots of paint to do it. We thought thesa were probahly either young marrieds setting np homa or people in the 40-50 age group freshening up the bouse after the kids had left bome.

"We also decided that there were other opportunities in the leisure market in providing artists' materials, and hobby requirements like model knives, craft tools and brushes.

"That was product. We set out to look at our outlets by putting a higger emphasis on stores and toy concerns. At the same time in these types of shops there is often a lot of stock on view. We designed compact display dispensers so that our prodncts would not get lost from view and ao that the shop itself could show them economically and effectively.

"On the management side there was no structure at all. We now have a sales force of some 22 and we introduced a sales manager and three regional managers.

"We are investigating the need for direct selling instead of going through wholesalers and will introduce product management shortly.

"Finally, we support market investigation and technical innovation. With the sales force restructured we will turn onr attention to doing the same in departments like production."

John Gooding, who looks more lika a rural hishop than a marketing man, paused for hreath. "In exports we have marketed through agents. Now we are stretching from the toy market into do-it-yourself. We are beginning to hring agents and travellers over here.

Our turnover in overseas markets is in direct proportion to per capita income," he said. Major markets are Sweden, Germany, France, Italy, Australia and even Japan.

## Going public

The company goes to trouhle to appeal individually to markets. A range of paints exists in old railway livery. The Luftwaffe colours are produced exactly.

The company does not sell in America because of tha tariff barriers. It refuses to license other manufacturers to make the paint because it is afraid of the quality slipping. It wants to remain makers of "the most expensive paint in the world."

The product range is diversifying. Its specialist finisbes are to be found on objects as diverse as caravans, toothpaste tubes and bicycles. The World Health Organisation used Humbrol enamel to colour code mosquitoes in a Far East research project. It is producing lubricating oils and aerosol sprays. Its major growth is expected to come from the do-it-yourself market.

And going pnhlic? Barton regards it as "a logical eventual move," bnt be is looking for profits of around the £300,000 mark before taking the plunge.

Meanwhile, the profits fatten out and Gerald Barton tries to slim down. He looked out of his enormous office beyond tha model Rolls-Royce on the window-sill. "Paint it or stick it," he declared. "That's the formula we were built on." He looked affectionately at the Rolls. "And the market? Well, we cater for children of all age-groups."

## Weight problem

ROWNTREE MACKINTOSH has announced that Hershey Foods Corporation, the American chocolate manufacturer, has placed an order for about 1,000 tons of Kit-Kat. At present Kit-Kat is marketed hy Hershey in 40 per cent. of the U.S., in December Hershey plans to extend the area in the U.S. where Kit-Kat is on sale.



**SOCIETE CIVILE DES PORTEURS D'OBLIGATIONS**

**9%—1971/1985 of US $ 1,000—PECHINEY**

**Registered Office: 19 Boulevard des Italiens—Paris 2ème**

**COMPANY PECHINEY**

A French "Société Anonyme" with a capital of: Frs. 1,482,705,100
Registered Office: 9 Cours de Verdun—Lyon (Rhône)
Main Office: 23, rue Balzac—Paris 8ème
Trade Register: Lyon 54 B 713—Paris 54 B 81 38
I.N.S.E.E. No. 171 75 108 1006

**NOTICE TO BONDHOLDERS**
**9%—1970/1985**

Company Pechiney will call together a General Meeting (first meeting) of the holders of bonds—9% 1970/1985 on Friday, November 5, at 10.30 a.m. at the Head Office of the "Société Civile", 19 Boulevard des Italiens—Paris 2ème.

**Agenda**

Approval, according to Article 12 of the by-laws of tha said Company and consequently to tha partial assignmeut assets effectuated under the law 66547 of July 24, 1966, of tha takeover hy the Company ALUMINIUM PECHINEY in place of Company PECHINEY of the 9% loan issued in December, 1970, by the said Company.

Determination of the place where will be deposited together with the attendance list, the powers of the represented bondholders and the reports.

To attend the meeting, the bondholders will have to deposit their bonds five days at least before the meeting at the following banks or branches:

In France: LAZARD FRERES & CIE—CREDIT LYONNAIS—BANQUE NATIONALE DE PARIS.
Amsterdam: PIERSON HELDRING & PIERSON.
Brussels: BANQUE DE BRUXELLES—CREDIT LYONNAIS.
Frankfurt: DEUTSCHE BANK A.G.—COMMERZBANK A.G.
London: LAZARD BROTHERS AND CO LIMITED and N. M. ROTHSCHILD & SONS LIMITED.
Luxembourg: CREDIT LYONNAIS.
Milan: CREDITO ITALIANO—CREDIT COMMERCIAL DE FRANCE.

Board of Directors of Company Pechiney.

# Export Services

## Chemical factory to Kiev or crystal chandeliers to Chicago

# European News

## Spanish police clash with car workers

By Our Own Correspondent

MADRID, Oct. 19.

THE Spanish Government to-day ordered the provisional closure in Barcelona of the SEAT motor factory after clashes between the police and some 6,000 workers. Trouble began yesterday morning when some 20 dismissed workers smnggled themselves into the factory together with the men of the morning shift. Egged on by them, according to a company apokesman, the 6,000 workers of the moroing shift went on strike a few minutes later without waroing or explanation.

Police were called in when towards mid-day yesterday some 4,000 workers staged a demonstration near the main office buildings. The workers then clashed with mounted police, and at least five policemeo were hurt. Shots were beard later and several workers were wounded when one police officer, surrounded by demonstrators, fired his piatol. The workers were dislodged late in the evening and about 30-40 men were arrested.

Thousands of shouting workers and students to-day massed outside the factory to demonstrate their solidarity with the trikers. At least five policemen and three factory gusrds, as well as a number of workers, were Injured and more thao 30 strikers were srrested In the fighting.

A company spokesman statad that comparatively little damage was done. Howevar, prodoction would be stopped for several days.

The week-long strike wave in the Asturian coal mines in north Spain is also spreading. Mining operations in the State-controlled Hunosa company's pits have been practically paralysed.

## Brezhnev study of students

MOSCOW, Oct. 19.

SOVIET Communist Party leader Leonid Brezhnev to-day called for sustained Party supervision of the nearly 5m. students in the nation's universities and technical colleges.

Speaking at a Kremlin rally of students, he said: "not a single question of principle about the work of the higher educational establishment must remain outside the field of vision of the Party organisations. "The Party organisation of the university or institute is the political van of the collective, and the Party committee at the higher educational establishment is its fighting headquarters."

He said the Soviet leadership had recently approved plans to increase students' stipends, build many new hostels, and improve catering, medical, sports, and holiday facilities for them. During the 1971-1975 plan period an extra 1,500m. roubles (over 680m.) was to be allocated to increase stipends and raise the number of students receiving them. Reuter.

Our East European Correspondent adds: Mr. Brezhnev's remarks are a reflection on the Soviet leadership's continuing concern to improve both the quality and the quantity of students receiving tertiary education.

## BOURSE INQUIRY ON PINAY-BOND

PARIS, Oct. 19.

THE PARIS Bourse Commission said it had decided to launch an inquiry into trading in the gold-linked Pinay Bond on the Paris Bourse between October 11 and 15.

Bourse sources noted thsl trading in the Pinay bond on October 14 and 15 reached volumes of Frs.23.5m. and Frs.34.4m. respectively, against an average of Frs.15m. daily for the first nine months of the year.

Reuter

## Six make plans for joint front in talks with U.S.

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

LUXEMBOURG, Oct. 19.

THE SIX Common Market countries to-day resolved to make a determined effort to settle their internal difference of opinion on economic and monetary affairs and start preparing for wide-ranging negotiations with the U.S. The Community's foreign ministers agreed that the next major step should be a council meeting of all the ministers from the six countries concerned with the problem.

The meeting, to be organised as soon as possible, would be attended by ministers of foreign affairs, finance, economics and agriculture. Close coalsct is lo be maintained meanwhile with the U.K. and the other three candidata countries.

Tha Brussels Commission is to start drawing up a "list of grievsnces" against the U.S. in tha trading field in answer to American accusations of protectionist policies by the Six.

Not all of the ministers wanted an early start to negotiations with the U.S. Some belleved that the Community should put its own house in order first. For Germany, Herr Philip Rosenthal, State Secretary at the Ministry of Economics and Finance, said that the Six should reach an interim agreement on new parities among themselves, which might than create the basis for a wider inlernational settlement.

France, Italy and Belgium were all reluctant to start negotiations with the U.S. while the surcharge was still in force. M. Maurice Schumann, French Foreign Minister, said this would mean the Community would be negotiating from "a position of inferiority."

No specific mention was made by the Ministers of reports thst the U.S. and Germany may have negotiated a private agreement under which the surcharge would be lifted on German exports, nor was the German delegstion called on to explain the background to the reports. M. Schumann, however, told journalists last night that he considered such a bilateral arrangement "inconcelvable."

## Treaty of Brussels?

**MINISTERS of the Six Common Market countries have agreed that Brussels would be the most appropriate place to sign the treaty under which Britain and the other candidate countries become members of the Community, writes Reginald Dale. A final decision wilt not be formally taken before the applicant countries have been consulted, hnt it seems certain that the legal basis fnr British membership will be the Treaty of Brussels. The decision, though not onexpected, will come as a disappointment tn the U.K., which had originally hnped that the Treaty might have been signed in London or its surronnding area, to give a boost to British pnblic opininn. The Six are still keeping qnlet about their preference fnr fear of provoking jingoistic npposition tn Common Market membership nn the eve of the crucial vote in Parliament.**

## Ireland wins concession

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

LUXEMBOURG, Oct. 19.

IRELAND to-day won authorisstion from the Six to continue with its special schemes for attracting industrial investment after joining the Common Market, even though some of them do not conform with the Treaty of Rome. The investment incentives will, however, be subject to review

This priviledged status for Ireland was enshrined in a special protocol for addition to the Treaty of Accession finalised at a Ministerial session on the Irish entry negotiations. Dr. Patrick Hillery, the Irish Foreign Minister, said he was entirely satisfied with the guarantees afforded by the protocol, which, he added, would give Ireland an advantage over most other areas of the Community with which it will be competing for investment.

Ireland would be able to honour its existing contracts under which exporting industries are granted tax rebates up to 1990, Dr. Hillery said. But Ireland was not aiming to further its industrial development at the expense of other peripheral areas of the enlarged Community.

The British Government is known to be uneasy over the terms of the protocel, for fear that it may give Ireland preferential treatment over its own development areas. Norway, too, it is thought here, may ask for something similar when it has studied the Irish protocol—Mr. Per Kleppe, Norway's Minister of Commerce, said to-day that his country's regional problems were worse than those of Ireland.

## New wave of political scandals rock Italy

BY PETER TUMIATI

ROME, Oct. 19.

A NEW wave of scandals involving top politicians and businessmen accompanied by dennnciations, counter-denunciations and charges of political partisanship by certain sectors of the magistracy is rocking Italy.

Signor Giacomo Mancini, Secretary of the Socialist Party (PSI) and a former Minister of Public Works has addressed letters of protest to the chairman of the committee of inquiry of the Chamber of Deputies, to the Rome public prosecutor general and to President Saragat, as chairman of the Superior Council of the Magistrature. In them he accuses a magistrate of the prosecutor's office of "arbitrary behaviour" and the whole Rome proaecutors office of "absolute incompetence" and of "openly violating all the dispositions designed to protect the freedom and dignity of the citizen."

The magistrate concerned, Sig. Franco Plotino, had transmitted to the chamber of deputies a report on the result of his investigations on the alleged misconduct of a former director general of the Ministry of Works Highway Authority, ANAS. It slleged that two former Ministers of Works, Sig. Giacomo Mancini and Sig. Lorenzo Natali had violated the law while they were Ministers.

A 1925 law requirea that the planning of all public works, except in very special cases, be carried out by officials of the Ministry. According to the magistrate, while Sig. Mancini and Sig. Natali were in office, the planning of public works had been entrusted to the son of the former director general who is an architect and who was paid very large sums for this.

Italian Members of Parliament may not be prosecuted without an nuthorisation by a special committee of the Chsmber or of the Senale. On Thursday the Chambers committee is to meet to decide if judicial proceedings can be started against Sig. Mancini and Sig. Natali on the basis of the magistrates' report to the Chamber.

Another scandal concerns the supply of WT sets for Army tanks to the Ministry of Defence. Acting on instructions from the magistrate who is conducting the inquiry, the Milan police have withdrawn the passport of Sig. Giorgio Valerio, former president of the Montedison group, and of other persons. The allegation is that a subsidiary of the group in 1968 supplied1m. such WT sets as new ones, whereas they were sets discarded by the U.S. army and sold as surplus. The sllegation adds that they had been repainted to make them look like new ones.

## French urge air retaliation

BY ADRIAN DICKS

PARIS, Oct. 19.

THE FRENCH aerospace industry has formally ssked the Goveroment to press for a 15-16 per cent. EEC tariff in Brusseis against U.S. aircraft, in retaliation for the imposition of the 10 per cent. surcharge on European aircraft aales to the U.S.

Announcing this here to-day, M. Henri Ziegler, chairman of the industry's trade association and chairman of the leading airframe builder, Société Nationale Industrielle Aerospatiale, told the Press that the French manufacturers' action was "regrettable but indispensable."

It would be difficult for European conntries to agree on the question, bnt he felt sure that most would agree that "we cannot tolerate diacrimination now totalling 16 per cent. against our aircraft while American aircraft to enter Europe freely."

M. Ziegler wenl on to attack the "abnormal and unbalanced" sharing of major aircrafl markets between American aod European companies. Citiog EEC commission figures, he remarked that U.S. aircraft manufacturers had 15 per cent. of the world market in aircraft, including 98 per cent. of the domestic U.S. market. "It is a matter of life and death for us thst we seek to improve our share. The problems in our way are not technical but are problems of nationalism and prejudice," M. Ziegler said.

The U.K., by vigorously protecting its domestic aircraft market, had achieved n share of 71.9 per cent. for U.K. manufacturers, while U.S. aircraft accounted for the remaining 28.1 per cent. But, he suggested that there were weaknesses of outlook of the British aerospace industry and a danger of new isolstionism.

In spite of the growing importance to the U.K. industry of inter-European co-operation, there was a tendency lo favour a "policy of prototypes" and projects born not from proven needs but from the "realm of the imagination." M. Ziegler declined to give specific examples.

## France ends investment $

BY ADRIAN DICKS

PARIS, Oct. 19.

THE FRENCH Finance Minlster, M. Valery Giscard d'Estaing, to-day announced the abolition of the investment dollar as part of a policy to improve the working of the dual exchange market system ael up in August.

As from to-morrow French portfolio investors in Wall Street will buy their dollars through the floating or financial franc market, as they di for other types of investment abroad, instaad of through the separate pool of dollars reserved for such transactions.

The investment dollar pool dates from the capital flight of 1968-69. The investment dollar was being quoted at a 5 per cent. premium until a few months ago, when it was under pressure in the rest of the foreign exchange markel. Lack of buying interest in Wall Street has brought the rate down to 5.515 to-day—a few points below the commercial rate of 5.5445.

DANISH IMPORT SURCHARGE

## Long-time need for drastic measures

BY OUR COPENHAGEN CORRESPONDENT

THE DANISH Government's surprise decision to impose a 10 per cenl. import surcharge on most goods apart from raw materials and unprocessed foods, has come just two months after President Nixon imposed a similar surcharge on imports to the U.S. and has been at least partly inspired by it. Yesterday the Finance Ministry, Mr. Henry Gruenbaum acknowledged that the Danlsh tax was against EFTA and GATT rules, but he pointed out that other larger countries, such as Britain and the U.S., had broken these rules when they thought the condition of their own economies warranted it.

### Enormous debt

In Denmark's case, the need for drastic measures to put the country's external balance back into surplus is nnmistakable. There has been a current balance of payments deficit every year since 1963, amounting last year to just over Kr.4,000m. (£222m.), more than 3 ner cent. of the GNP. An enormous foreign debt has been built up, now approaching Kr.20,000m.—more than Kr.7,000m. of which is short-term. The foreign exchange reserves, meanwhile, are a mere Kr.3,000m., barely enough to cover one month's imports.

It has long been apparent that the Government would not be able to fioance this enormous deficit for much longer. The interoational monetary crisis has made the prospect of raising more long-term loans extremely uncertain. But if something was going to give, most people thought it would be the parity of the kroner.

But this was firmly ruled out by the previous government and again yesterday by the new Prime Minister, Mr. J. O. Krag, who said that the Government was determined to maintain the parity of the currency. The reason for this addiction to a stable kroner rate is that in 1967, when the Danish Government followed sterling down with a devaluation of 7.9 per cenl. against the dollar, it proved extremely difficult to control the inflationary effects. Denmark also has a high ratio of raw material and machioery in its imports, and some Daoish authorities hold that devaluation, by raising import prices, merely worsens the unit cosl position of Danish export products.

Since August 13, the Central Bank has suspended the official exchange rate for the kroner, and the currency has been allowed to move upwards against the dollar by about 3 per cent. in a carefully controlled float. The authorities have heen keeping the kroner roughly in line with sterling, but by any normal economic criterion the kroner clearly ought to be floating down against about everything.

The malaise in the Danish current balaoce of payments picture is primarily a matter of the trade balance. Last year the trade deficit came to Kr.8,200m. more thao double the size of the curreot deficit itself. The import otal was Kr.32,884m. and exports came to Kr.24,672m.

In fact, the trade deficit so far this year has shown a slight improvement as the result of the previous Government's determination lo bring public expenditure and private consumption under control. Economic activity is now very slack, and the GNP this year is not expected lo increase by more than about 2 per cent., even though unemployment, now about 2.3 per cent. of the labour force, has remained moderate. Exports have increased rather more slowly, by 8.8 per rent. in the first eight months, than the Government hoped, but the increase in imports has been cut from lasl year's 14 per cent. only to about quarter, or 30 per cent.

### Bad luck

How far the import surcharge can improve matters remains very much in doubt. The Government maintains that it should improve the competitive position of Danish industry, which is why raw materials are exempted, but industry depends also on large imports of machinery and semi-manufactures, so that, while the surcharge may check import growth, it is not certain that it will work wonders for industrial competitiveness.

Denmark got itself into its present mess partly by bad luck and partly by mismanagement. The country is in a difficult period of transition from a primarily agricultural economy to one that is dominantly industrial. Fifteen years ago about two-thirds of her exports consisted of agricultural products, but to-day the proportion has been reduced to about a quarter, or 30 per cent.

This transition has necessitated a high level of imports stimulated by the rapid expansion of industrial investment, and in the early 1960s, as part of the industrialisation policy, the Government deliberately allowed the current balance of payments to go into deficit. The policy was extremely successful at first, combined as it was with the freeing of trade within EFTA and an expansive period for international trade as a whole.

But at the same time, the Government launched a major expansion of public sector expenditure, which in each year since 1960 has increased by about 15 per cent. (in current terms), much faster than the growth of the GNP. This led to the development of excessive demand pressures and exacerbated the balance of payments position. It also gave an unnecessary stimulus to inflation, and Danish prices in the 1960s increased faster than those of any other OECD country except Iceland.

The previous Government tried price-freeze measures to halt inflation, but without much success, and in April it replaced the freeze with new rules making it an offence for companies to pass on wage drift in the form of higher prices. This too appears to have been a complete failure. Hourly wage rates in the first seven months of this year were 12.3 per cent. up, and prices since April have increased by 4.7 per cent.

The price freeze measures, by cutting profit margins, have only exacerbated the stagnation in industrial investment which has gradually become evident in the last two or three years. Since 1965 it has probably not increased at all in real terms and has risen by only about 30 per cent. in money terms. The underlying cause is probably the fact that the public sector has absorbed an excessive proportion of the nation's resources.

The consequences of failing to switch resources out of the public sector and housing, and into export and import-competing industry, were outlined earlier this year in startling terms by a Ministry of Finance report on the country's long-term economic prospects.

### No problems

Even if public sector expansion in the 1970s was reduced to half the rate of the previous decade, it said, the industrial labour force would fall by 20 per cent., taxation would grow from the present 49 per cent. to 60 per cent. of the national income, and private consumption for the population engaged in the active labour force would not be able to increase at all. It predicted that if the balance of payments deficit was not turned into a substantial surplus within a few years the requirements of the foreign exchange position would force stagnation and unemployment upon the country.

The Government will not have any Parliamentary problems in getting its surcharge legislation accepted, but whether it was the right action to take, especially amid widespread fears of the growth of protectionism in world trade, is another matter.

PARLIAMENT

# Stable food prices forecast

SIGNS OF the world food prices storm "blowing out," were seen by Agriculture Minister Mr. James Prior in the Commons.

"Certainly we can see some signs now of world food prices stabilising and not going on increasing at their present rate," the Minister maintained when he was heavily beset by the Opposition at Question-time.

## Confident

Acknowledging that the food price index had risen by 11.6 per cent. between June, 1970, and August this year, Mr. Prior stuck to a contention for which he had previously been strongly criticised—the contention that some less than scrupulous traders had taken advantage of confusion over decimalisation to push some prices higher.

But the Minister refused to be harried into indiscretions to which Labour MPs plainly considered him vulnerable. He was confident that the measures taken by the Government, together with the CBI initiative to restrain price increases, would help to combat the rate of inflation.

Between 30 per cent. and 50 per cent. of increased food prices over the past year had been due to higher world prices, and it was on this front that Mr. Prior said he was now "expecting something better."

As far as the inflationary element was concerned, the Minister added: "The quicker and sooner that wage increases come down to realistic levels, the quicker we will get on top of it."

In the first Question-time cross-examination of Mr. Prior since last July, Labour MPs left no useful brick-bat out of their barrage. The still rising food prices were a scandal, they declared, so was the profiteering and fiddling over decimalisation.

Tory promises over prices were the "biggest confidence trick in history," and Mr. Prior was urged to come clean and accept responsibility for the appalling increase in the cost of living and not, "like the rest of the lame ducks on the Government front bench," blame the situation on the previous Labour Administration.

Labour's anti-Marketeers took a prominent part in the attack, with prophecies of even higher prices when we went into Europe.

## Faster

The Minister protested at extravagant accusations, but Tory anti-Marketeer Sir Gerald Nabarro also maintained that the Government should provide some explicit assurances in this field—particularly as to how the VAT would affect prices. Even if the proposed new tax were not applied to food, it would be applied to the distributive processes and therefore, to some extent, would act in the same way as the SET in increasing prices, Sir Gerald argued.

Mr Prior thought the Chancellor should answer that question. But on prices generally he insisted that increases had been running at a considerably faster rate outside the Market than inside it.

# Scottish MPs see Ministers

By Richard Evans, Lobby Correspondent

TWO GROUPS of Scottish MPs, one Conservative and one Labour, had separate meetings with the Prime Minister yesterday to discuss Scotland's unemployment problem and the prospects for industrial growth.

The Labour deputation, led by Mr. William Ross, "shadow" Secretary for Scotland, Mr. William Hannan and Mr. Bruce Millan, emphasised the "disastrous" employment situation.

There was a widespread lack of confidence and pessimism about the future was growing. What was needed, the MPs argued, was the introduction of major new industries to provide long-term employment.

For this reason the importance of an early decision on the Hunterston steel complex and deep-water port was impressed on the Prime Minister, who was accompanied at the meeting by the Secretary for Trade and Industry, Mr. John Davies and the Secretary for Scotland, Mr. Gordon Campbell.

One of the points put by the Tory group, led by Mr. Michael Clark-Hutchinson, was the need to develop a distinctive policy for the older industries, including paper-making which were going through a difficult trading situation and which could be adversely affected by entry to the Common Market.

The Prime Minister agreed that the lack of confidence in Scotland was very serious and he promised to consider all the points put to him. His general attitude, according to the deputations, was that the Government had put a reflationary policy in hand and this was taking six months or more to work its way through.

# Labour fails to ruffle Heath over EEC free vote

BY PHILIP RAWSTORNE

IT WAS a half-hearted Opposition that set off in the Commons yesterday in pursuit of the Prime Minister and the Common Market. Nearly half the Labour MPs, for a start, were not so much chasing as trying to keep up with his free vote. And the hue and cry of the rest never came close enough for discomfort.

If Mr. Heath is on the run, as some Labour MPs claim, it did not look yesterday as if he is going to be caught. Not until after he gets to Europe, at least.

Mr. Roy Jenkins, a silent front-bench observer, left the scene of the hunt before it was over—though not unnoticed by a few snarling glances from his back-benches.

## Opinion

It was Mr. Michael Meacher (Lab., Oldham W.) who sounded the first cheering Labour view. Mr. Heath had been forced to acknowledge that he could not carry the Common Market decision purely on his own party vote, he said. Would he now follow his new policy to its logical conclusion and, in view of public opinion, not carry the country into the EEC at all?

Parliament would express its opinion in the traditional way—as Mr. Wilson agreed it should, retorted Mr. Heath with the authority of one who, as he admitted yesterday, keeps the Labour leader's memoirs with other useful books of quotations in his Downing Street library.

Why had the Prime Minister abandoned the duty of calling on his MPs to support the Government's policy, asked Mr. Nigel Spearing (Lab. Acton). Was it due to some of the 120,000 letters he had received since he took office?

"Of course the Government will ask its supporters to support it," said Mr. Heath. "What's more, it will get the support of the great majority of them."

The loyal Tory cheers at that only confirmed the belief of Dr. John Gilbert (Lab. Dudley) that the free vote was "totally bogus." With such little confidence in getting a majority, what plans were being made for a reshuffle of Ministers if he did not get into Europe?

"Any Government is entitled to ask the whole House for support," replied Mr. Heath. "If they are all free to express their support, then perhaps we shall get the best result," he added pointedly.

The Prime Minister, looking as though he expected the best result anyway, taunted Mr. Alfred Morris (Lab., Wythenshawe), a leading anti-Marketeer, with being "envious and jealous" of Tory freedom.

And he advised a puffing Mr. Michael Foot to consult his own Chief Whip as to whether the Common Market vote was an issue of confidence.

Mr. Foot, considering Mr. Heath had been such an "easy push-over" on the Common Market, went on worrying whether he would stand by his principles on Rhodesia—a question which also appeared a far more profitable pursuit to Mr. Wilson than the EEC vote.

## Settled

In the event, there was nothing there either for the Opposition to get its teeth into. "Useful progress" had been made in talks between officials, said Mr. Heath. But there were no plans for a meeting of Ministers and any settlement would have to satisfy the five principles.

That settled the Opposition—even if it did not satisfy them.

# Call for 12-mile fishery limit

IF NORWAY emerges from the Common Market negotiations on fisheries policy with an agreement on 12-mile territorial limits Britain will expect the same, Mr. James Prior, the Minister of Agriculture and Fisheries, told the Commons.

He was replying to Mr. James Johnson (Lab. Hull West) who said he had returned from a recent visit to Brussels with the impression that Norway had been assured of 12-mile limits.

Yet there was also a clear impression that Britain would maintain the status quo for the next five years. "All we ask is that the Minister should get 12 miles for us, as Norway will be getting."

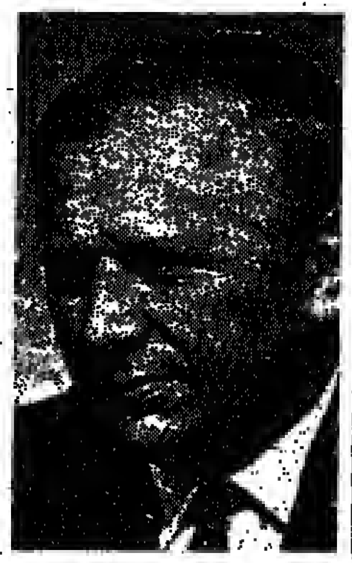
Mr. Prior said the Government had always accepted from the start that any new policy would have to be acceptable to all the applicant countries as well as the existing members of the EEC. "If you are right that Norway will get 12 miles that puts us in a very strong position," he said.

Mr. Cledwyn Hughes, Labour's "shadow" Minister of Agriculture, described Mr. Prior's statement as "very important" and asked: "Are you saying that if Norway secures a 12-mile limit as a fixed term that the Government will not be satisfied with anything less?"

Mr. Prior answered that the Government would "naturally expect to obtain the same terms as Norway." It was certainly the case that the terms for all the countries concerned would have to be known before Britain entered into any agreement.

Earlier he stressed: "What we are aiming to do is to get a fully agreed settlement as soon as we can. The status quo in itself does not give the assurance that we require for a long time ahead."

● The speaker, Mr. Selwyn Lloyd, is to consider allowing a representative of Guernsey to appear at the Bar of the House to put the islanders' case against entry into the Common Market.



PRIOR . . . expects the same terms as Norway

# Sir Edmund to probe torture allegations—Maudling

ALLEGATIONS ABOUT the interrogation of people arrested in Northern Ireland under the Special Powers Act were being investigated by Sir Edmund Compton's committee of inquiry, Mr. Reginald Maudling, Home secretary, told the Commons.

"As soon as the committee's report is available, a statement will be made to the House," he said.

Mr. Stanley Orme (Lab. Salford W.) said: "There is a widespread demand that this inquiry should be in public and that the people should be able to be represented by legal representatives if necessary."

## Urban

Mr. Maudling said he had written to Sir Edmund specifically asking him to look into the particular allegations. He was certain the inquiry by Sir Edmund and his colleagues and a statement to the Commons and the publication of the committee's report was the "right way to go about it."

Mr. Reginald Paget (Lab. Northampton) said that information was being obtained from internees which had resulted in our being able to save the lives of a number of our troops.

"Would you not agree that so long as that sort of information continues there are some of us not too much concerned as to the methods used to get it? One cannot fight urban guerillas with kid gloves and it is unfair to ask our troops to do so."

Mr. Maudling replied: "Intelligence is of enormous importance in defeating the gunmen, but allegations of this character must be fully investigated."

Mr. Frank McManus (Unity, Fermanagh and South Tyrone) said that while Sir Edmund's committee was inquiring into these allegations "people continue to die on the streets of Northern Ireland, chiefly as a result of internment."

The figures would show that more people have died since the introduction of internment than in the previous three years.

Mr. McManus said he wanted information about the whereabouts of Mr. William Shannon and a Mr. Rodgers, who disappeared a week ago.

Mr. Maudling said he would certainly make inquiries into the whereabouts of individual men. "So far as deaths on the streets are concerned, they are caused by the terrorists," he added.

Miss Bernadette Devlin (Ind. Mid Ulster) said attacks on the police, particularly the Special Branch, in Northern Ireland, were increasing due to the widespread belief that "these men are engaged in the torturing of people in internment." The lives of the police would continue to be at risk until the allegations were refuted.

## Condemn

Mr. Maudling replied: "It is true that the murder of British soldiers and of policemen is increasing in Northern Ireland. I would hope that every MP, including Miss Devlin, would unreservedly condemn this."

Mr. James Callaghan, "shadow" Home Secretary, asked: "Have not you now the responsibility to ask the Sunday Times, which has printed these allegations, to send them to Sir Edmund Compton, because whether the enquiry is conducted in private or public, it is not the case that whatever methods are being used on our own troops, and however murder is being committed we cannot agree to depart from accepted rules of questioning those in detention?

"We cannot agree to depart from civilised standards in this matter otherwise we become no better than those committing the murder."

Mr. Maudling replied: "Sir Edmund Compton has made it clear that he will be happy to consider the information available to the Sunday Times and I gather arrangements are being made to see he gets it from the Sunday Times."

# Free depreciation plans announced

DETAILS OF proposals to be finalised in next year's Finance Bill for capital expenditure incurred on new immobile machinery and plant for use in a development area or Northern Ireland to qualify for the free depreciation allowance, irrespective of the nature of the trade in which the equipment is used were given in a written reply by Mr. Patrick Jenkin, Financial Secretary, Treasury.

Mr. Jenkin said:

"The present statutory definition of mobile machinery and plant excludes certain equipment which in normal use has only limited mobility, but the exclusion is framed by reference to equipment used in those trades to which the 100 per cent. first-year allowance applied before July 19.

"The Chancellor of the Exchequer will propose in the legislation to exclude from the definition of mobile equipment machinery or plant which is suitable for use only:

(i) in or about premises used for the purposes of a trade,
(ii) on agricultural, forestry or amenity land,
(iii) at a source of mineral deposits, or
(iv) at or about a building or civil engineering site.

"Expenditure incurred after July 19, 1971, on such machinery or plant, if it is new and is for use in a development area or in Northern Ireland, will accordingly qualify for the 100 per cent. allowance.

"General purpose farm tractors and farm trailers such as are commonly used for the conveyance of goods away from the area of the farm would not be eligible for the 100 per cent. allowance but agricultural equipment which is suitable for use only on the land and whose normal movement is simply from one part of the farm to another, would be eligible."

# Reassurances for immigrants

BY JUSTIN LONG

REASSURANCES to immigrants already settled in the U.K. were incorporated by the Government into the Immigration Bill when it returned, much amended, from the Lords to the Commons last night.

Mr. Reginald Maudling, Home Secretary, made it clear during this last stage of the Bill's progress to the Statute Book, that he approved significant changes in the aspect of the legislation made since the Government had first framed its clauses.

## Regret

The Opposition also applauded alteration considered to be "real concessions" to better community relations, and preliminary warnings from the Tory backbenches delivered by Mr. Enoch Powell were disregarded.

Mr. Powell criticised Mr. Maudling for agreeing to insert in the Bill an amendment which would safeguard Commonwealth citizens and aliens already settled in Britain.

"I regard its re-insertion in statutory form as something undesirable and I believe we shall come to regret this. I believe that further legislation will in consequence be necessary," he said.

The amendment will allow people already settled here, including aliens, the right to come and go as they wish. It also allows immigrants already settled here to bring their wives and children with them.

Mr. James Callaghan, "shadow" Home Secretary, asked Mr. Maudling what persuaded him to change his mind to which Mr. Maudling replied: "I never mind eating my words if I am convinced it is in the public interest to do so. I am sure when you were Minister you never allowed personal pride to stand in the way of certain circumstances."

Mr. Richard Sharples, Minister of State, Home Office, then moved a series of amendments designed to ensure that a woman who acquired citizenship of the U.K. and Colonies by registration by marrying a citizen after the passing of the Bill did not acquire the right of abode if her husband was not a patrial.

It would be quite wrong if a Commonwealth citizen here on conditions were to obtain right of abode, and so exemption from control, by marrying a man who was not himself a citizen or patrial, he said.

"There is no doubt at all, from information which has come our way during the last year or two, that this method of evading the control has been exploited, particularly in the last 18 months or so."

It was not the intention of the amendments to take away or impair any existing rights of entry into the U.K. "They do not affect the position of children who are registered or have been registered before the passing of the Bill," he said.

Mr. Powell asked Mr. Sharples if he would confirm that persons who had entered through this loophole had not featured in his Department's statistics of Commonwealth citizens entering this country.

## Problem

He also asked Mr. Sharples if he would indicate whether there had been any estimate made of the number, however rough, of those who had entered through the loophole during the last year or so.

Mr. Sharples said that the wives were not included in the statistics. Those exempt from control were not included in statistics. It was not possible to estimate the number of women who may have come in this way.

"When it was first decided that the gap in the control must be closed, women of Asian descent in East Africa not being citizens of the U.K. and colonies were marrying men who were such citizens to gain exemption from control at an annual rate of about 1,500.

"The rate has since dropped off but it does give some idea of the extent of the problem which exists."

# United Western front likely for OPEC talks

BY RICHARD JOHNS

THE U.S. Department of Justice is understood to have given clearance to the Western oil companies for the formation of a united front in the forthcoming negotiations with producing States over participation and the readjustment of revenues to compensate for the realignment of currencies.

With the hurdle of American anti-monopoly legislation passed, the companies can now agree on a system of mutual assurances of the sort which they evolved last January before the negotiations with members of the Organisation of Petroleum Exporting Countries on higher posted prices.

The essence of the agreement will be an undertaking by the larger companies to supply the smaller, independent concerns heavily reliant on Libya if there is a breakdown in talks with that country resulting in a halt to shipments. Once again the fear has been that concerns such as Occidental and Continental will be exposed to pressure to give in to extreme demands.

It is generally believed that Libya will aim at nothing less than 51 per cent. of oil operations and will try to avoid giving compensation for any take-over which is agreed upon. Indeed, the Libyans have been talking in terms of the companies making payment for the "depreciation of assets"—in other words, oil extracted in the past — rather than being compensated for nationalisation.

The U.S. Justice Department's go-ahead was given on Monday following week-long discussions in New York amongst representatives of the 23 oil companies which made a collective pact earlier this year.

## MORE BRITONS VISIT SPAIN

Eighteen per cent. more Britons went to Spain (2,231,868 against 1,895,100) during the first eight months of 1071, compared to the same period last year, the Spanish National Tourist Office said in London yesterday.

August was a bumper month with 552,539 British visitors compared with 489,186 in August last year—an increase of 12.9 per cent.

# Slowdown in Midlands workless only temporary

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

UNEMPLOYMENT in key Midlands industrial centres on which the Government is counting to respond to economic stimulation measures will again show a rise when the full figures become available. The full national unemployment figures are due to-morrow.

With substantial redundancies still to be reflected at the employment exchanges and no real improvement in the jobs position, last month's slowdown in the number of men becoming wholly unemployed in the Midlands will be shown to have been a temporary phrase.

This is certainly so in Coventry. The August-September increase in this category was under 300. This month's count shows a big increase of nearly 800 to bring the total of wholly unemployed men to just under 8,000. The number of wholly unemployed women has also jumped by nearly 400 to over the 2,000 mark.

However, with more school leavers finding jobs, the wholly unemployed rate remains at around 4.3 per cent. The overall percentage rate is vastly increased by the Coventry toolroom strikes involving about 20,000 and last month's near 14 per cent. is not expected to have varied significantly.

The number of wholly unemployed men in Wolverhampton has also gone up by 139 in the month to October's count compared with the previous month's increase of 100. Employment for women, which was increasing, shows a sharp deterioration, and the wholly unemployed rate is now just over 4 per cent.

In Walsall, a centre of tube-making, materials handling, and foundry products, the month to the last count on October 11 has shown an increase of around 260 in unemployed, and the rate is now 5.5 per cent. Much the same story is being reflected at Tamworth, Oldbury, Cradley Heath and Smethwick. In the West Bromwich district, for instance, there are 2,285 wholly unemployed and fewer than 300 vacancies.

## Buoyant areas

One of the most buoyant areas is North Staffs. Although over the area as a whole, which includes Leek in the North and Stone in the South, unemployment is still tending to rise. Both the pottery and coal industries, upon which the area mainly relies, are well occupied.

In Redditch, an expanding New Town, and Kidderminster, a centre of the carpet industry, the unemployed tide is being stemmed. But further South, in Worcester, more than 1,200 redundancies, almost equally shared between Cadbury-Schweppes and Redman Heenan International, will about double the numbers coming on to the labour market.

The prospects for improvement in the employment situation in the engineering centres of the region over the next few months are poor. A growing number of companies, many of them small subcontractors, have in the past few weeks been declaring redundancies as order books stubbornly refuse to reflect the promise of better business.

While on a quarterly basis the peak of 7,877 notified redundancies in the West Midlands was reached in the first quarter and they have since been declining, they were still over 5,000 in the third quarter.

Perhaps significantly, the number of firms declaring redundancy has been rising since mid-summer as the machine tool foundry, and other investment industries fail to respond to efforts to stimulate the economy. There has been a steady decline in the number of jobs available for men from a peak of 9,152 in July, 1970, to the present low of about 4,600.

Birmingham has been one of the areas worst hit by the low level of new orders, stock reduction and rationalisation. In addition to redundancies that have still to run their course, BSA has announced 3,000 jobs will be going by the end of the year and Austin Morris is closing two factories with a loss of 2,500 jobs, although some hundreds from the phased-out factories are being found employment elsewhere

# Former Clyde shipping chief suggests plan to help UCS men

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

GLASGOW, Oct. 19.

A TWO-POINT programme to cope with the emergency created by a possible closure of the Clydebank shipyard has been submitted to the Government by Sir Iain Stewart, chairman of Hall-Thermotank and formerly chairman of Fairfields (Glasgow).

The plan was sent to Mr. John Davies, Secretary for Trade and Industry, and Mr. Robert Carr, Secretary for Employment, following Mr. Carr's speech on the expansion of training to the Tory Party's annual conference last Thursday.

It suggests bringing forward public works on a major scale and also creating in Clydebank an area for training and retraining.

## Slum-clearance

There are about 2,500 workers employed at the Clydebank yard which is outside the remit of Govan shipbuilders, the new Government-backed company. Public works to be brought forward might include schools and hospitals as well as slum clearance.

Sir Iain revealed his approach to the Ministers at to-day's session of the inquiry (sponsored by the Scottish TUC) into the social and economic consequences of the UCS collapse. The idea, he said, was along the lines of the "Glenrothes experiment" launched last month and the Fairfields experiment of 1966-67 in which, he said, more workers were retrained at the time than in the whole of Scotland.

(At Glenrothes New Town, Sir Iain proposed the setting up of a labour-market authority which would seek to match labour needs in the area with redundancies notified six months in advance. It would operate on the basis of complete mobility within trades ensured by training and retraining facilities.)

Sir Iain thought that apart from solving the problem of mass unemployment in the area, it would also "help the new Upper Clyde (Govan Shipbuilders) Board to pursue a viable solution to its problems."

It would also, he added, "enable the people operating the 'work-in' at the yards in achieving their aim of the right to work." He felt confident the trade unions would co-operate in such a scheme as they did at Fairfields.

Earlier Sir Iain blamed both the UCS management and the Labour Government which condoned its actions for the collapse.

## Resigned

He recalled that the working party which had preceded the setting up of UCS had suggested the closure of two of the five yards which merged later, with redundancies to 5,000 people which, he said, were necessary to avoid overmanning which subsequently cost the group £12m. in wages in two years.

Instead the Board (from which he resigned as deputy chairman after five weeks) gave a two-year guarantee of employment to the labour force which led to the bankruptcy crisis of 1969.

# Japan to limit steel exports to Europe

BY OUR OWN CORRESPONDENT

TOKYO, Oct. 19.

LEADERS of a Japanese economic mission to West Germany have promised their hosts that Japan's steel manufacturers intend to apply unilateral voluntary restraints to steel shipments to Britain and the West European market, it was learned here to-day.

The mission, composed of top members of the Federation of Economic Organisations (Keidanren) of Japan, admitted that Japanese steel mills would like to ship thousands of tons of steel products to the European market but they realised that this would cause resentment and might lead to the closure of markets if it was not handled in a proper manner.

## Fall in prices

Most Japanese steelmakers realise that there is a limit to the amount of steel products which Japan can ship to Western Europe. But they pointed out to the West Germans that the price of Japanese steel products have been falling sharply of late.

The West Germans were informed that in order to carry out the voluntary programme it might be necessary to call on the Ministry of International Trade and Industry to administer it. In any event, the export limitation is to begin next year.

Japanese steel corporations have been alarmed that Britain and the Common Market countries might react to recent sharp increases in Japanese steel exports to Western Europe due to the fact that demand on the domestic market has remained sluggish.

Japan's steel exports to the EEC countries during the January-July period of this year totalled 890,380 metric tons, a 21 per cent. increase over the corresponding period of last year. Steel shipments to Britain in the same period more than tripled, registering 104,770 metric tons.

The Japanese steel men feel that an agreement to engage in orderly marketing in Britain and in Europe would prevent inclusion of a safeguard clause against Japanese steel exports and the possibility of a flooding of the market. It is expected that the Japanese will set up some sort of consortium to lay down general rules and methods for supervising their enforcement.

# Other Overseas News

## Queensland share inquiry continues

By Our Own Correspondent

CANBERRA, Oct. 19.

THE Senate committee inquiring into the affairs of Queensland Mines, the Nabarlek uranium discoverers, to-day made public the first direct results of its private investigations of share-trading prior to the public announcement on Nabarlek on September 1 last year.

The committee chairman, Senator P. E. Rae, said it appeared that on the day before the public announcement a Western Australian mining engineer, Mr. J. H. Hohnen, his family and companies in which he was either a director or a shareholder had bought at least 4,900 Queensland Mines shares—about 30 per cent. of the day's turnover in Sydney and Melbourne. He said a significant percentage of the other shares which changed hands on the day had gone to London and the committee had been unable to trace them further.

Senator Rae said the day in question, August 31, had been the first trading day after a visit to Nabarlek by a party which included directors of Queensland Mines, directors of Castlereagh Securities (a substantial shareholder) and Mr. Hohnen, who was a director of neither company. He said the August 31 purchases had involved five brokers in Melbourne and Brisbane and a chain of companies which in one instance required investigators to trace back seven steps to the Hohnen family. Mr. Hohnen would be invited to discuss the share dealings with the committee "at the earliest possible opportunity," Senator Rae said.

## CHINA SUPPLIES PLANT TO ROMANIANS

By Our East European Correspondent

CHINA is to supply Romania with complete plant and technical assistance under the terms of a bi-lateral agreement just signed in Peking. The agreement was signed by the Chinese Minister for External Economic Relations, Fang Yi, and by the Romanian Minister for Machine Building, Mr. Ion Avram.

No further details were given of what type of plant or projects are involved, but it is known that the agreement comes in the wake of intensive bi-lateral talks in Peking—involving a Romanian Government delegation—and in Bucharest, where recent visitors have included a senior delegation from the Bank of China. A Romanian industrial exhibition, which has been given considerable publicity by the Chinese, has just opened in Peking.

# Rhodesian sanctions body shows concern at leaks

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE Commonwealth Sanctions Committee, which met in London yesterday, has expressed its "deep concern" at leaks in economic sanctions against Rhodesia. In a communique issued after the meeting, the Committee particularly criticised continuing trade in tobacco, ammonia and automobiles and deplored the decision of the U.S. Senate to lift the embargo on Rhodesian chrome.

The Committee called for a strengthening of sanctions by all Commonwealth and UN members in an apparent effort to stiffen the resistance of the British Government against lifting sanctions on Rhodesia before an acceptable settlement has been achieved. Some pressure has obviously come from its African and Caribbean members.

The meeting took place on the eve of a fresh round of talks between Britain and Rhodesia, to be conducted by a team of three Foreign Office officials who leave London to-night for the Rhodesia capital. The Committee's tough reminders on the considerable failures of sanctions come less than a month before the British Parliament is due to renew the Sanctions Order.

The Committee, on which all Commonwealth governments are normally represented, was holding its second meeting in less than a month. The main subjects on its agenda were the fourth report of the UN Committee on Sanctions, and the Rhodesian Economic Survey for 1971.

### Some effect

Sanctions, the Committe noted, were having "some effect in, for example, setting back economic development and producing an acute shortage of foreign exchange" in Rhodesia. However "a good deal of trade continues," in most cases by countries whose governments had agreed to implement mandatory sanctions. Apart from Portugal and South Africa, which still "blatantly defied" sanctions, the Committee noted in its discussions that West Germany, Japan and the U.S. had all broken sanction. Products traded in included tobacco, maize, minerals, automobiles and ammonia.

The Committee called for a tightening of sanctions and a much more effective plugging of existing leaks. It particularly suggested that governments should exercise more caution in approving exports of sensitive products to countries neighbouring Rhodesia.

It is understood that Britain's representative on the Committee, Mr. Mark Le Quesne, Under Secretary at the Foreign Office, told the Committee that Britain's present talks with the Rhodesian regime were confidential. He repeated however that they were designed to achieve a settlement only within the five principles.

Seven of the 31 Commonwealth governments were not represented on the Committee yesterday (Tonga, Swaziland, Sierra Leone, Malta, the Gambia, Fiji and Ceylon). Sir John Carter of Guyana was in the Chair.

# Mrs. Gandhi rules out mediation

BY OUR OWN CORRESPONDENT

NEW DELHI, Oct. 19.

INDIA'S PRIME MINISTER Mrs. Indira Gandhi to-day spoke of her anxiety to avert war with Pakistan but ruled out the possibility of either talks with President Yahya Khan or mediation by a third party. At a Press conference here to-day Mrs. Gandhi said that the desire to avoid war was not "a one-sided affair" and "you cannot shake hands with a clenched fist."

She described the situation on the Indo-Pakistan borders as "very grave" and admitted that heavy troop concentrations and movements had been made on both sides. But she rejected suggestions that India should draw its troops back.

Mrs. Gandhi said she had nothing to discuss with President Yahya since it "is not an Indo-Pakistan problem." The Pakistani military rulers first gesture should be to stop atrocities in East Bengal and try to create conditions acceptable for elected representatives of people there, she said.

### 9m. refugees

This was the same answer as she gave to questions on the possibility of third-party mediation. If the great powers wanted to be helpful they should put pressure on Pakistan's rulers to agree to suitable political settlement in East Pakistan. She repeatedly said India was concerned only because the situation in East Bengal had led to the massive influx of 9m. refugees into "the sensitive eastern region." Apart from the economic burden this had created social and political tensions. This was why India was anxious for an early political settlement in East Bengal.

In Mrs. Gandhi's view, a political settlement meant one that would be acceptable to the leaders elected "in fair and free elections conducted by Pakistan's own military rulers." She spoke hopefully of a possibility of improving relations with China and said there had not been undue concentration of Chinese troops on the border, though they were present inside Tibet.

Mrs. Gandhi said her tour of Western capitals beginning on October 24 was still on, implying she might cancel it if the situation changed.

# Pakistan warns India over airspace violation

RAWALPINDI, Oct. 19.

PAKISTAN has warned India that its air force will take "appropriate action" if Indian aircraft "continue violation of Pakistan's air space." The warning was given in a telegram sent by the commander in chief of the Pakistan Air Force, Air Marshal A. Rahim, to his Indian counterpart an official announcement said today.

The telegram said "Indian aircraft have been violating air space over both wings of Pakistan for some time. Lately such air violations have become more frequent, deliberate, and provocative. Violation by an Indian Air Force Canberra in the early hours of October 16 in an area south of Bahawalnagar in West Pakistan is the latest example. If these violations continue, the Pakistan Air Force will have to take appropriate action."

Reuter

Our Karachi Correspondent writes: At least two political parties, Tehrik I Istaiqlal of Air Marshal Asghar Khan and Maulana Bhashani's pro-Peking faction of the National Awami Party have finally decided not to participate in the coming by-elections in East Pakistan. Marshal Asghar Khan has withdrawn because he thinks the elections might be "rigged." A National Awami Party workers' meeting presided over by the general secretary, Mr. Masihur Rahman, in Dacca, after the lifting of the ban on political parties' activities felt that conditions in East Pakistan were not conducive for holding elections. The meeting resolved that so long as the "political situation" acceptable to all was not found, by-elections should not be held and the transfer of power held in abeyance.

Mr. Z. A. Bhutto's People's Party is also watching the situation carefully. Its information secretary said that if his party was convinced that by-elections in East Pakistan were not free and fair it might think of boycotting the polls. Mr. Bhutto alleged that attempts were being made to impose an "artificial majority" on his party in order to deprive it of its right to power. Six Right-wing parties have formed an alliance in East Pakistan for the by-elections.

## Arab petroleum states meet in December

By Our Own Correspondent

KUWAIT, Oct. 19.

THE TWICE delayed seventh Ministerial Conference of the Organisation of Arab Petroleum Exporting Countries is now scheduled to take place at Abu Dhabi in December.

On Monday the planned session here could not get under way because of the absence of Mr. Ezzedin al Mabrouk, the Libyan Minister of Oil and Mineral Resources, and Mr. Belaid Abdessalem, Algerian Minister of Oil and Mineral Resources, failed to appear. Their absence was apparently due to the fact that the members had not agreed in advance to the admission of Iraq as a member.

This was why the OAPEC conference was postponed last month and a previous meeting in June broke up in disarray.

The main opposition to Iraqi membership has come from Saudi Arabia which is backed by the conservative Gulf States of Qatar, Abu Dhabi, Dubai and Bahrain, all of them fearful of Baghdad's revolutionary ambitions in the region. Kuwait has diplomatically remained neutral in the dispute while, predictably, Algeria and Libya have supported the Iraqi application.

## HONG KONG'S GOVERNOR GOES

By Our Own Correspondent

HONG KONG, Oct. 19.

AMID a chorus of praise for the way he has seen Hong Kong through some of its most difficult times Sir David Trench, Governor of Britain's largest remaining Crown Colony for the past seven-and-a-half years, left here to-day.

The last of the Colonial Service Governors, Sir David's tour was twice extended as Britain procrastinated on naming a successor. It has not only straddled a period of the fastest economic growth the Colony has ever witnessed, but has also been punctuated by a series of crises.

His successor is Sir Murray Maclehose, a former diplomat.

SOUTH ASIA

# A sub-continent breaks up

BY NEVILLE MAXWELL

CONTEMPORARY events usually loom too close for the historical pattern behind them to be discerned. This is not the case, however, with Pakistan's present convulsions—they slide smoothly into place as phenomena of the classical post-imperial political dissolution of the south Asian sub-continent.

The first break in this process took place the moment the British withdrew, when what they had ruled as India was split up politically into two parts, and physically into three. The anomalous geography of what became Pakistan, in two separated and diverse territories, made the east-west pull the natural fault-line for the next break.

## A milestone

Whether it be seen as the Bengal War of Independence or as the Bengal Mutiny—the opposed perceptions, echoing 1857, held respectively in East and West Pakistan—the attempt of the Bengali province to detach itself from West Pakistan's control, with the Army's ferocious crushing of that attempt, must be a milestone for the sub-continent. That Pakistan can never be the same again goes almost without saying; its two wings can be held together now only by the iron brace of the military. "A united, democratic Pakistan" may always have been a contradiction in terms, but from now on the country might conceivably be one or the other but never both. And the birth of Bangla Desh, aborted though that may have been by the Army's repression, seems bound also to have repercussions throughout the sub-continent.

Geography put East Bengal in the van of the sub-continent's reversion into the components from which the British assembled their Indian Empire. The Bengalis of Pakistan are separated from their metropolitan authority not only by a thousand miles and the intervening hulk of India, but also by a vast cultural scarp, made abrupt by the very fact of separation. West Pakistan looks culturally to the Middle East. To the Bengali the West Pakistani is as alien culturally as an Afghan or a Persian. West Pakistan is an extension of the Middle East; East Pakistan an annexe of south-east Asia.

But if the essential and most explosive element in Pakistan's heterogeneity lies within the great east-west straddle across the sub-continent, the diversity within West Pakistan itself is politically volatile. The demand for dissolution of West Pakistan into its component provinces was one potent element in the charge that blew President Ayub Khan out of power in 1969, and one of the first actions of President Yahya Khan when he took over was to concede it. Now, as well as his overriding military problem in the East wing, he has the political problem of evolving a system for the West wing which will accommodate the escalating demands for provincial autonomy there with the army's granite insistence on a strong central Government.

In the West wing Mr. Z. A. Bhutto, with strong popular support in Punjab as well as in his own province of Sind, is pressing hard for the lifting of martial law and implementation of President Yahya's commitment to restore constitutional government. His People's Party has reportedly organised a cadre, almost a para-military force, the "People's Guards," which in the already inflamed political atmosphere seems all too likely to strike dangerous sparks. And Mr. Bhutto may find himself in the same situation as Sheikh Mujib-ur Rahman created for himself in East Pakistan—caught between the attitudes shaped by his own often inflammatory rhetoric and the inescapable fact that power lies with the Army.

It seems too much to expect that the Pakistan Army, powerful as it may be and ruthless as it has shown itself, could contain a violent agitation for autonomy in the western provinces while simultaneously holding down East Pakistan. But that is the prospect. The strongest political forces in Pakistan are working to pull the country to pieces, and the Army is the only agency with the will and, for the present anyway, the power to resist.

The Indian Government's reaction to the developments in Pakistan has been careful. Strong and public condemnation of the Pakistan Army's actions and open sympathy with those who have proclaimed Bangla Desh, going at least as far as providing "privileged sanctuary" for resistance forces, has not been pushed to the extent of recognition of the separatist movement as an independent government. India's greatest contribution to East Bengali separatism, the ban on Pakistani overflights, sprang not from support to the Bengalis but from another round of the old quarrel over Kashmir, but the Pakistani version of this incident, which has it rigged by the Indian Intelligence bureau, should perhaps not be dismissed quite out of hand.

The thin end of the wedge of Bengali separatism in Pakistan was the complaint of regional disparity, articulated—and documented—from the early 1960s. Similar complaints are now widely being voiced by Indian state governments. Relatively backward states complain that the centre, responsive to political pressures from more prosperous or assertive state governments, follows policies which simply widen disparities. States such as the booming Punjab argue to the contrary that investment should be located where the best returns can be expected.

There is nothing new in such complaints and arguments, which are inherent in the development process, especially in such a federal structure as India's. But the consensus that appears to be emerging between all India's state governments, which are seeking thorough reconsideration of the centre's powers vis-à-vis the states, is new. The de facto devolution of political authority from the centre to the states has already effectively hamstrung central planning, and it is doubtful whether anything the centre can do now would reverse that trend. Mrs. Gandhi, the Prime Minister, is talking about strengthening the Planning Commission; but among the states there is talk of setting up their own autonomous planning commissions.

Are such attitudes and budding demands among Indian states the early steps on a political road leading towards something like Sheikh Mujib's six-point demand for total regional autonomy? If the very suggestion must invite outrage or derision from expatriate Indians and their local claque, I can recall the editorial denunciation in Dawn and other Pakistani newspapers that greeted my reports in 1961 indicating nascent separatist trends in the east wing.

Of course, Mrs. Indira Gandhi, with her renewed authority after the general election victory, is in a much stronger position to deal politically with the states' demands in India—but Mrs. Bandaranaike's problems in Ceylon could foreshadow Indian developments. Mrs. Bandaranaike, like Mrs. Gandhi, was not long ago swept back into office on a platform of vague but resonant radical promises; but the compulsions of politics, Ceylon's economic straits and the constraints of the constitution have meant that her performance has not diverged markedly from those of her conservative predecessors.

## In Ceylon

The failure of even declaredly radical governments to advance towards the revolution promised since independence led to the Guevarist revolt in Ceylon, to which Mao Tse-tung's comment on China's May 4 movement of 1919 seems to apply: the movement's "shortcoming was that it was confined to the intellectuals and that the workers and peasants did not join in."

If Mrs. Gandhi also finds herself unable to translate electoral rhetoric into performance one consequence would be a fuelling of the revolutionary pressures already at work in India. (There the Maoist Communists are avoiding the Guevarists' mistake, at least, and concentrating on arousing the peasantry.) And in addition failure in the centre's performance would also be likely to stimulate States' rights demands.

Morgan Guaranty Corporate Research analysts gather first-hand knowledge of industries and companies. Above: Anne Borland, Paul Smith, Barkley Calkins

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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PLASTICS

## Precision moulding of small gears

A U.K. company requiring 1m. gears a year will save £10,000 a year by changing from machined brass gears, specially made on the Continent, to moulded thermoplastic gears made by a British company in Suffolk.

The brass gears were machined to a tolerance of 0.01mm. but have been easily matched by the thermoplastic gears and could have been improved to 0.005mm. if required, according to Mr. M. N. Jensen, commercial manager of Girdlestone Electronics, Melton Hill, Woodbridge, Suffolk.

The company, which has manufactured aircraft aerials since the Second World War, has decided to diversify into thermoplastic moulding. Two years' development work at the company, preceded by work with other organisations, has enabled the chief engineer and designer, Mr. P. M. Jones, to establish what seems to be a new technique in the production of thermoplastic mouldings, achieving tolerances previously considered impossible.

Typical figures from the trade indicate that for the production of standard thermoplastic gears to be used in such applications as speedometer drives, chart drives, electronic equipment, autopilots, computer drives, and adding machines, tool design and manufacture might take 16 to 20 weeks and cost about £600 to £1,200, to produce gears to minimum tolerances of about 0.010 mm., with little compensation for shrinkage.

### Contrast

Figures quoted for the production of similar gears by Girdlestone provide a startling contrast—three to four weeks for design and tooling, at an average cost of £150, to tolerances down to 0.005 mm. (if required!) and with full shrinkage compensation. It is admitted that these are for single cavity moulds, as it has been found that for each additional impression dimensional accuracy decreases by 5 per cent. This is still cheaper than £1,200 for a six-cavity mould.

But Girdlestone is aiming for the small production run as well as the multi-millions required by the electronics and motor industries. If it costs £2 each to have 500 components machined from the solid, a total of £1,000, figures of £150 for tooling plus 10p per item (total £200) become attractive.

At the Woodbridge factory the procedure is to study the geometry of the component to be made, then advise the customer on choice of material and design amendments to meet the proposed operating conditions.

The form of the component is calculated on a computer to incorporate shrinkage factors, plus a spark gap because the mould machining operation is by electro-discharge. A master is produced, enlarged on a scale between 5:1 and 100:1 depending on component size. Optics are used to ensure accuracy to 0.0025mm. for the master, which guides the machining of electro-discharge cutting electrodes. Maximum tolerance for the electrodes is also 0.0025mm.

The cavity is sunk into a specially prepared set of impressions made from hardened nickel chromium steel (EN 30B). One of the major features of the Girdlestone technique is that the customer does not have to pay for a bolster, but only a pair of impressions which are made to fit an existing standard bolster, again of special steel.

Each interchangeable impression is a self-contained unit with its own ejector system for removing the moulded component. A reciprocating screw moulding machine is used with infinitely variable injection speed, injection pressure, follow-up pressure and screwspeed controls.

The whole process is carried out in what are almost "clean room" conditions of controlled temperature, humidity, and atmosphere. Quality control is strict, and every tenth component is inspected, including optical checks at magnifications between 10:1 and 50:1 against a master form.

TONY FRANCE

● MATERIALS

## Glass and paper make good bricks

IN THEIR EFFORTS to find profitable outlets for recycled waste materials, research workers have come up with bricks made from old newspaper and broken glass.

Those made from crushed glass are said to meet the standards of the American Society for Testing Materials. They were developed by Tekology Corporation under a grant from the Glass Container Manufacturers Association, of 330, Madison Avenue, New York City, U.S.

The ground glass is combined with binding chemicals, cement and water. The test bricks passed the weathering standards and samples were sent to members of the Association to arrange for manufacture in their areas. The bricks were made in white and five colours.

The newsprint bricks were developed privately by Robert Matteson, of Alamo, Calif., U.S. The paper is shredded, mixed with pozzolan cement, sodium silicate and gypsum, and compressed at 2,000 psi. Weight is 28 oz., about a third that of clay bricks of the same size, and about half the weight is paper.

Matteson says they will float on water, can be held together with ordinary mortar, and will cost only 70 per cent. as much as clay bricks in that area. They cannot be used for floors or paving because the paper surface scuffs, but the bricks are said to be waterproof and fireproof.

● POWER

## Cryogenic generator

A GENERATOR using cryogenic windings has produced 17,000 amperes at 9 volts.

Engineers of the General Electric Company had to solve two problems in an experimental approach to electric drive for ships. One was to provide low enough temperatures so that superconducting windings could be used, the other was to collect the huge currents generated by the machine.

The low temperature, some 450 degrees below zero Fahrenheit, was provided by liquid helium. The extremely heavy currents were collected by liquid metal brushes.

The result is a direct current generator only half the size of a conventional 150 kilowatt machine. If approved for shipboard use, it would reduce the size of the propulsion plant by a half. Now on the drawing board are plans for a 30,000 hp motor and generator.

The generator itself is the homopolar type invented by Michael Faraday more than a century ago. It consists of a simple metal disc rotating between the poles of a magnet. Current flows from the centre of the disc to the outer edge. If the disc is turned by an outside force, the device generates electricity: if current is applied to it, it becomes a motor.

The windings are a tin-niobium alloy tape sandwiched between two sheets of copper. The rotor consists of four discs on the same shaft which is turned by an engine. As they turn, the current generated is picked up by pools of the liquid metal around their edges.

The metal itself is an alloy of sodium and potassium, which melts at 12 degrees F. It has a current capacity of 3,000 amperes per square inch, compared to only 100 amperes/sq. in. for the carbon brushes generally used.

General Electric, 1 River Road, Schenectady, N.Y., U.S., sees two main fields for the finished combination of generator and motor. One would be for ship use, where the two machines are close together. Because of the size of the conductor required, it is not feasible to transmit the heavy amperage very far. This type of installation could also be used in steel mills, where close control of roll speed is necessary. Direct current motor speed is easily controlled by varying the voltage.

The other field of use is electrochemical processing, such as electrolysis of aluminium or electro-plating. Both these methods require heavy currents but only low voltages.

In Britain, I.R.D. of Newcastle-upon-Tyne, leads the field in superconducting motor work with one large unit already in and operating at the CEGB centre, Fawley.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● TRANSPORT

## Comfort in stationary aircraft

SOMETIMES aircraft with passengers have to wait for varying periods before take-off, and with the engines not started, which means that heating and ventilating systems are not operating.

However, a combined heater/cooler unit has been developed to keep the passengers comfortable.

A Ford Capri engine is used to drive a fan blowing air from a heat exchanger through a duct to the aircraft's own system. When used as a heater paraffin or diesel oil is burned in the exchanger, while for cooling liquid $CO_2$ is used. Alternately, the unit can be used to circulate fresh air without heating or cooling.

The unit, claimed to be unique, is made by Magnatherm, 109, Jermyn Street, London, S.W.1.

## Axle load weighing system

PORTABLE weighing equipment for measuring road vehicle axle loads up to 10 tons, designed by the Road Research Laboratory, is now being marketed by Trevor Deakin, PO Box 4, Shepperton, Middlesex.

The system which is mainly intended for traffic survey work has two main units for weighing purposes: a weighing platform and an electronic indicating unit. The low platform ensures minimum disturbance of the load distribution across the axles of the vehicle, and no special site preparation is required before setting up the system. The weighing platform measures 20 x 28 x 3½ inches and weighs under 100 lbs.

To cater for situations where recordings of data have to be made, an alternative form of measuring system is offered, providing information storage facilities on printed strip and punched tape. A keyboard supplied with this recording system enables entries to be included in the record of direction of travel of the vehicle, commodity carried, type of vehicle and number of axles, and whether it is empty, half or fully loaded.

● COMPUTERS

## Three trade groups in joint study

BUSINESS Equipment Trade Association (BETA), the Computer Services and Bureaux Association (COSBA) and the Software Houses Association (SHA) are investigating ways of co-operating more effectively in the future.

They recognise that all three Associations are involved in the computer field and while they tend to express different interests and responsibilities, these may prove to be complementary and have many points in common.

These aspects will be closely considered in the interests of the development of computing in the U.K. and of the members of the three associations and any further statement must await completion of this study.

● CONSTRUCTION

## Vibratory techniques studied

MANUFACTURERS and users of construction equipment were represented at discussions at the National Engineering Laboratory, East Kilbride, yesterday in a first attempt by the Laboratory to establish a direct link with an industry and demonstrate the relevance of its work to the needs of that industry.

One of the main topics concerned the Laboratory's research work on vibratory techniques sponsored by Birmingham and Newcastle Universities. This could, in NEL's view, revolutionise present methods used for cutting and shifting soil, pile driving and concrete breaking and has now reached a stage where NEL is seeking industrial partners to participate in practical development and subsequent commercial exploitation.

● CALCULATORS

## Hitachi challenge

NO ONE should underestimate the seriousness of the challenge thrown down yesterday by the giant Hitachi company of Japan with the launch on the British market of a series of four electronic calculators. The challenge goes far beyond this area of the business equipment market since it is based on total confidence in the electronic components from which the calculators are built up.

This confidence is only too clearly demonstrated by the fact that Hitachi, through the chosen distributors in Britain—AML Distributors—is offering an unconditional guarantee on components and labour for the hitherto unheard-of period of five years.

AML is devoting itself exclusively to the promotion of the Hitachi series, the managing director, Mr. A. Rodgers, disclosed yesterday. He indicated that Hitachi had decided to back his company with funds to an undisclosed total, thought to be over £½m.

Using the 70 Ryman business equipment outlets as focal points, AML is aiming for 10 per cent. of the booming U.K. calculator market this year. According to Mr. Rodgers, this means the company must sell between 4,800 and 5,000 calculators in its first year of operations, the U.K. market being estimated at close on £10m. per year at the moment, rising to between £35m. and £45m. by 1975. These sound like fantastic growth rates considering the rather depressed conditions in business and industry generally. But even on these growth figures, Britain will still be well behind other European countries in its per capita use of calculators, primarily because decimalisation is so recent.

There is little doubt that AML/Hitachi is going the right way to achieve this growth rate and more, since no one, so far as is known, is offering anything like this length of guarantee. More important still is the fact that prices will remain stable; that the company will not be imposing a service levy; and that leasing has been arranged.

Meanwhile Ryman, for its part, is seeking to expand the number of its sales centres from the present 70 and it intends to open new ones in major business centres at the rate of one a year over the next five years.

Hitachi, whose annual turnover is now $3,000m., spends 6 per cent. on research and development. Part of its empire includes a flourishing electronic components operation which is the largest in Japan and which uses techniques as advanced as any in the world, including the U.S.

One manufacturing technique it has developed far beyond the state of the art in Europe is the use of ion implantation for the preparation of its large-scale integrated circuits and, in particular, those which are built into the calculator series.

Because the ion implantation technique is far more selective of the right materials which are diffused into the semi-conductor surfaces during circuit manufacture and because it can be much more tightly controlled dimensionally than can be the standard furnace operation, the resulting circuits have a far more accurately defined performance. The company is so confident that they will stay the course that it has had no hesitation in endorsing the five year guarantee period.

LSI techniques applied to logic blocks have enabled the circuit designer to pack the equivalent of 2,300 discrete components in an area 3mm square and while other sectors of the internal design still rely on discrete components, this is a transitional phase awaiting the development by the company of lower cost and more reliable alternatives.

Four machines are being marketed now, all mains designs; and a pocket sized calculator will be added in the course of the next few weeks.

Called the KK series, it includes one 12-digit, one 14-digit and two 16-digit machines—one of these being a printing calculator and the other three display machines.

Full earthing is provided on all machines and this, in modern business and industrial offices where synthetic carpeting is becoming the general rule, is of far greater importance than one would realise at first sight.

The five-year guarantee is backed by experience with calculators that have been shown to operate so well that only three in every 1,000 require any form of service in the first year. Applied to other exports from Hitachi, such as colour TV tubes, this form of quality assurance could make life extremely difficult for the European competition.

● ELECTRONICS

## Thin X-ray storage screen

A THIN screen that can store X-ray images for several hours to permit long-term detailed study of a picture without continuous exposure to radiation has been developed by the electronic tube division of Westinghouse Electric in the U.S. If a permanent picture is wanted the screen is easily photographed.

The screen can also be constructed without storage capability. Then, it becomes a direct replacement for the standard fluoroscopic screen used to view changing as well as static X-ray images, but provides images ten times brighter, of three times better contrast and two to three times better resolution.

Exact details of the mechanism of the screen have not been forthcoming from the company, but the screen consists of two layers, one photoconductive and the other electroluminescent. The photoconductive layer is sensitive to X-rays. Deposited on it is the electroluminescent layer which gives the visible image. The layers are sandwiched between two electrodes to which an alternating voltage is applied in order to produce the glowing image of the pattern of the rays.

The company claims that the light weight, small volume, ruggedness and high contrast of the screen will make it particularly suitable in non-destructive testing in industrial production line applications. The screen can be used over and over again, thus making it a replacement for film and reducing costs, says Westinghouse.

## Beam-lead operational amplifier

THE FIRST of a new series of beam-lead linear integrated circuits, the MCBC 1709 operational amplifier, has been introduced by Motorola Semiconductors of York House, Empire Way, Wembley, Middlesex.

The beams are cantilevered gold structures extending from the chip and which bond readily to the gold-metallised substrate, replacing the usual fragile connecting wires and providing one of the most reliable interconnection systems available. The chip is mounted in an inverted position with the beams providing both mechanical mounting and electrical connection.

For additional reliability, chip separation is performed by an etching process, eliminating possible fissures caused by the mechanical stresses involved in mechanical separation methods.

The amplifier has an open loop voltage gain of 45,000, an output voltage swing of plus or minus 14 volts and a slew rate of 0.25 volts per microsecond.

● INSTRUMENTS

## Lengths run off from drawings

A SERRATED wheel and electronic memory are combined in a measuring device to take off piping runs and similar material requirements from engineering or construction drawings.

The usual way to measure the amount of piping needed, for instance, is to use a ruler to measure the lengths of pipe on the drawing. This, however, can lead to errors if the measuring process is interrupted, says Dietzgen Electronics, of 453, Forbes Blvd., South San Francisco, Calif., U.S.

Dietzgen offers the measuring wheel connected by cable to the memory unit. The memory is set to the scale of the drawing, down to 1-32nd inch to the foot. Then, as the wheel moves along the line being measured, a window in the memory unit shows the actual feet run.

The unit also has a calculator keyboard so that the same instrument can be used to multiply the feet measured by the cost of pipe per foot, giving the total cost of material for that segment of the work.

GARDENS TO-DAY

# Arranging border plants

BY ROBIN LANE FOX

ARRANGING plants in a horder is like arranging people at a party. Each bas its own fancies and fusses: some hate company, other like to be cramped, some like rich food, others like none.

There are those with no manners, there are those who are slow to get going, hut as soon as they do they can oever be removed. Some do best in semi-darkness, others clash with any neighbour: but gardeners, like hosts, can never be quite sure what to expect.

In comes the Scarlet Lobelia, but it is a year, perhaps, before she is found to like plenty to drink: it is no use planting a Skimmia without inclnding its partner, otherwisa it will not give of its full charms.

Ask in one innocent Giant Hogweed, lanky and much too coarse for society, and within a year it will have spread hundreds of children among the other guests.

Unlike borders, parties go better for the inclusion of one or two mutual enemies: guests will unite in the fsce of someone they all can hate, whereas plants, even if unified, will not be strong enough to do down an enemy.

## Varied

It is no use putting in sprigs of ground elder to make the flower-bed go with a swing. What the garden needs is a few maek spirits who will make a show anywhere and always mix in with thelr aurroundings; they must be compatible without heing dull.

This quality must ba long-lasting, so it is unlikely to he found in flowers. I believe that is the singular virtue of plants with silver leaves.

Whenever there is a problem of how to mix colours together I think of silver leaves to belp me out. They can keep apart clashing reds, they can even lift a mixed bed of Michaelmas Daisies out of the common run of colours, especially as their lesves catch tbe early morning dews of autumn and glisten as the sun begins to come througb the mists.

Like all categories, they are so varied. They are woolly, hairy-felted, shiny; some are cut like lace or latch-keys, others are bold and broad as a dock-leaf.

They suggest so many different patterns: the grey-felted varieties could be mixed with Cistus and Rosemary beneath a bouse window, like a low shrub planting on a Mediterranean bank, or the shining silver sorts could be matched with brigbt blues such as tall Ceanothus and small Gentians, perhaps with a bold yellow to brighten them all up.

There is a fasbion for mauves, milk-blues and sickly pinks set off with silver leaves but I find this too insipd for my taste. Gardening is a matter of contrasts as much as harmony and unless we plant a few possible clashes, there is nothing to be resolved.

The vicious carmine-red of the Flower of Jove, itself an admirable plant with grey stems and leaves, the golden feathered leaves of tha new Acacia (Robinia Firisia) and a sweep of silver Artemisia, that is the way I like to see these compatible silver plants in use.

But there are difficulties. Some silver-leaved plants are not hardy to frost, many more will die if too damp. A heavy fall of snow in January, melling and then giving way to February rains can rot many of the most handsomely felted varieties and it is a gamble to plant them on heavy clay soils or in northern gardens, especially in Scotland.

Digging gravel in around them can help gradually hnt there are those wblch will thrive anywbere, one of them being the most useful variety of all, Senecio Laxifolius (sometimes offered as Greyi, usually wrongly, as the true Greyi is less hardy).

This must be givan room as it is a vigorous shrub, too often tucked into a spare bole in tbe horder being bougbt as a small plant from a garden centre. It will then spread more than a yard wide and up to a yard bigb with plenty of its rounded silver-grey leaves, the silvering being a surface effect on a background which is really dark green.

Its yellow daisy flowers come in July and I am very fond of them, though gardeners have been known to cut them off in disgust. They are the shape and colour of the Common Ragwort, this Senecio's hrother, hut they are well set off by the colonring of the lesves.

Like so many of these grey plants, it can be improved by pinching ont the tips of the growing shoots in May. These will root extremely easily as cuttings and their removal keeps the old plant husby. We should all pinch our plants more often.

Senecio, however, is well-known and grey rather than silver. For a less familiar silver, I look to the Artemisias, a bewildering family some of which bave very finely cut leaves hut are not hardy (the one called Arborescens is an example) others of wbich smell horrible and oeed very dry conditions (Splendens is one of many here).

Far the best is a modern variety now sold as Lambrook Silver, though sometimes the sellers try to pass off a doll-green leaved sort of Southernwood by lbe same name.

Once you see it, you cannot mistake it. Its leaves are feathery and ralber floppy, a true silver even if it flowers in July and loses its oeat basic shape in masses of sprawling stems which carry ugly grey-white flowers.

Cul lbese off at once and the plant looks as tidy as in early spring, reduced to its main rootstock. It also takes up much less room. I have grown it in wet clay, dry sbade or full sun for the past four years and have never lost it. Out of flower it is only about a foot and a-half high and as mucb again in wldth: it, too, increases easily from cuttings.

## Blending

This Artemisia is only an introdnction to scores of other silver-leaved possibilities. These must wait for another day, but the principle behind them remains true, bowever many you find room to grow. Whether felted grey-green Ballota or glistening silver-grey Convolvulus (no, not the Bindweed this time), they are plants which blend a border together, resolving the clashes and incompatihilities of tbose around them.

There are clouds, certainly, even in a well-loved garden, but you can plan to dissolve them by giving your borders a silver lining.

# Accident prevention campaign launched

BY ELSBETH GANGUIN

THE Engineering Employers' Federation yesterday launched a two-year safety campaign, which will go under the title "Against Accidents."

Sir Kenneth Allen, chairman of the EEF's bealth and safety committee, said that data had been collected from memher companies which had sbown that last year 1,920 federated concerns had had nearly 39,000 injuries, resulting in absence from work of over three days. This compared with 34,000 in 1,700 firms a year earlier.

On average, 25 days had been lost per accident, or about 1m. days last year "from this comparatively small section of the total industry."

But the question of accident prevention seldom, if ever, appeared as a specific agenda item at company Board meetings, Sir Kenneth added. Yet every company should, as a matter of routine, review its accident record and safety arrangements at least once, or preferahly twice a year at Board level.

For the campaign, a management action plan containing six "vital ingredients" for basic management procednres, wbich sbould be applied systematically, bad heen produced. Every establisbment would be sent a letter, setting a target for achievement by 1973. The campaign would be developed and expanded at regional and association level. There would be conferences and action groups, and a national conferance would report progress oext October.

Mr. D. C. Bamford, president of the EEF, said the campaign was desigoed to cut indusirial injuries in member companies by 25 per cent. in the next two years.

"In engineering establishments, we are incurring accidents at the rate of 45 per 1,000 people employed, compared with a national average of 34 per 1,000. "Last year, there had been 101 fatalities and, in addition, there had been 780 permanent disahilities in the 1,900 companies which had suhmitted accident reports. Direct losses of production amounted to £30m. a year from federated estahlishments. When all other facets of costs were added, the true financial involvement was nearer £300m."

Mr. Bamford has also written to the chairmen and chief executives of all tha EEF's 5,000 members, asking for their personal support.

Mr. E. de B. Marsh, director of the Federation's advisory service, thought that the enormous amount of tima lost partly reflected the attitude of management towards the workforce. Poor supervision and lack of interest in the buman being as a valnahle asset was leading to frustration.

Sbeffield and South Wales had the highest rates of about 84 per 1,000 employed, closely followed by the North-East coast with 76 per 1,000. The metal manufacturing sector of the industry (something like 670 companies) had the worst average of 78 accidents per 1,000 people, be said.

During last year, only 209 out of 1,900 estahlishments had had no accidents. Only 430 had a full-time safety officer.

Another reminder of the seriousness of the industrial injury situation comes from the National Institute of Industrial Psychology, wblcb bas carried out a sbop-floor study of accident causes based on 42 months' continuous observation.

The project was supported by the Departments of Employment and Trade and Industry, and the report will go to the Robens Committee on Safety and Healtb al Work.

The report covers 2,367 accidents, minor and serions, whicb occurred in four different types of industrial workshops over a period of between one and two years.

Accidents are built into most industrial work, and changes in the design of the work would hring about a significant improvement io the accident rate is one conclusion.

There was evidence, too, that experience, even short-term, had a noticeable effecl on accidents. Thus, from the safety point of view, too, operator training was "worth-while."

It is further suggested that a wider use of ergonomic aystems design knowledge was needed in tbe design of work systems, to eliminate built-in accident factors. Courses are proposed for lbe safety specialist, as well as for engineers, designers and management.

## Communication

In the meantime, much of what was known about the possible reduction of risks remained unapplied because of ineffective communlcation between shop floor and office, it is suggested. None of the safety personnel hed jobs keeping them on the sbop floor for long enough.

It is recommended that this problem conld he overcome by "utilising the cnrrent legislative pressure towards industrial traioing."

Sbop floor trainers should hecome members of the factory's safety organisation. Communication between the office and the shop-floor would then become the job of the training-cum-safety officer. And the Factory Inspectorate should extend its role to give greater emphasis to teaching "as an encouragement to those concerned with sbop floor training and safety."

*2,000 Accidents. From NIIP, 14 Welbeck Street, London, W.1, £3.25 (paperback £2.25).*

# Setback for Electricity Board sales of appliances

FINANCIAL TIMES REPORTER

A SHARP satback in salas of several types of domestic appliances hit electricity boards during tha three months to the end of June, according to figures released yesterday by the Electrlcity Council.

The biggest drop came in the refrigerator and food freezer sector, which fell 26.5 per cent., compared with the same period last year. Demand, says the council, was hit by poor weather conditions in May and June in contrast with a warm spell 12 months earlier.

Storage radiator sales fell by 22.4 per cent., immersion heaters 18.8 per cent., and self-contained water heaters 11.1 per cent.

Special promotions during the period, which includes the last full month before the mini-Budget boosted demand for electrical goods, played a part in keeping up electricity board sales of cookers, washing machines, and vacuum cleaners.

Improvements of 0.8 per cent., 11.4 per cent. and 15.2 per cent. respectively compared with 12 months before were recorded in those sectors. Also well up were sales of clothes dryers, with a 12.1 per cent. advance.

But sales of bome freezers are now rising rapidly, the East Midland Electricity Board reported yesterday. In August, 95 per cent more were sold than in the same month last year and the pace accelerated io September with a rise of about 140 per cent. over September, 1970.

Total turoover in sales of electrical appliances in August was £693,861 compared with £654,381 in the correspooding period of last year.

## ISLE OF MAN GOES DECIMAL

Tynwald, the Isle of Man Parliament, yesterday approved the introduction of its own decimal colnage. There are six coins with the Queen on tha obverse.

THE MOTOR SHOW, EARLS COURT

# Estate cars take pride of place

BY SHEILA BLACK

ENGLISHMEN'S castles may have shrunk to flats or terrace houses with a strip of garden at the back. But their cars are, increasingly, becoming estate cars. The demand for estate models is growing at such a rate that it has now become difficult to spot the differences between these and the sleeker saloons. The new estate designs are saloons, with access from the back to stowage space that transforms speedily into seating space.

The advantages are obvious. Children, dogs, the awkward impediments of leisure pursuits, the garden and household equipment that so often need repair—all can be shovelled in through the back more or less ceremoniously but without damage to car, children, or impedimenta.

Yesterday, at Earls Court, additional advantages were found for the estate cars. Those accessible, spacious backs were not filled with children, dogs and luggage but with the usual undercovered girls without whom Motor Show opening day would not seem like opening day. The open car back has definitely simplified the business of draping and arranging those underclad chassis (female) for the photographers.

## Competition

There were the usual efforts to outdo each other. In the boot of a BMW, girls in pale yellow—though rather little of it—cuddled lion cubs. The six-week cubs would have preferred their leonine mother, that was clear, but yawned prettily at the flashing bulbs. I asked more about the cubs of a salesman who said, a trifle pleadingly, I thought: "We would like you to mention the car." So here goes: BMW's 2500 (at £1 under £3,000) is worth mentioning.

Chrysler treated us to the sound of bagpipes and the sight of girls in backless, scarlet track suits. Janet Webb, who steals the finale from Morecambe and Wise, contrasted with the thin little model in white, mini-Grecian outfit in a Skoda car. Reliant highlighted drama. On a Scimitar bonnet, a dusky, half-stripped man in Moroccan gear shook his jewelled scimitar above nubile young ladies reclining on the bonnet of yet another estate car that just does not look like one.

It has all the zip and performance, the responsiveness, of a sporty car with a well-designed body and all that space coveted by the buying public of to-day—and even more of to-morrow, if trends are anything to go by. The Scimitar GTE, with its gracefully curved back, with overdrive, is £2,181 and looks rather more to me. The competition from abroad is formidable. Sans girl, the Citroen stand still attracted men as well as women.

The Citroen GS was by magnet and temptation. It represents excellent value. At £1,135 (or £1,044 for the Confort Saloon), it has space, four doors, five seats in comfort, a roomy back, and good interior and exterior design. Internally, the controls are all superbly placed, strategically lying by the steering wheel. The curving, downward sweep of the instrument facia towards the passenger seat is a good idea, for appearance sake as well as for the practicality of giving reclining passengers uninterrupted views. An automatic model is £91 extra.

For me, the GS won a car-of-the-year Show award, as much for its value as for its many, many other qualities and its smooth performance. I had thought it might be overbodied but no, it is fairly responsive. All the little extras one wants are standard. Deliveries are rather delayed at present.

Also on my good-value list are the Austin or Morris 1100 and 1300 saloons. The two-door 1100, Mark 3, is £805, with lots of room to go with it plus an excellent runabout acceleration. The four-door model is another £50. The 1300 two-door saloon is £872. I have to confess that, after driving one for a week this summer, I found myself falling increasingly in love with it as an all-rounder.

But I would definitely go for the four-door model at £903. The estate version, or Countryman, vies with any rival from abroad at £977, while the GT at £1,034 is another good buy in this price category. The British Leyland stands, by the way, were decorously staffed by knowledgeable men in distinctly muted RAF-blue shirts.

The five minis—the "fabulous five" to British Leyland—have had a good time as second-best seller in Britain during the first half of this year. The winners were Austin and Morris in the 1100 to 1300 range. That strikes me as a deserved victory.

Nothing could keep me away from the fluid, rhythmic styling of the Italian cars which, in spite of protracted labour troubles, are hoping to get back into the supply picture this year. But, while they are a joy to see, I find myself so emotionally involved with the Ferrari that I cannot look at the cheaper compatriots. However, even my extravagant imagination hesitates to spend the best part of £10,000 for driving in a speed-limited country and in London as much as I do. If I had the £10,000 to afford, I am sure I should change my mind. I am wrong, of course. Those Italian lovelies at £2,000 or less, are worth considering, but I shall wait for my Ferrari. In silver grey or purple, I think.

Memories of the thirties held me at the Morgan stand. This was a racy sports car in its day, the first of them in this country. Enchantingly, it looks hardly changed although it is radically different, rather like the Cadbury chocolate wrapper which has been redesigned so often yet still somehow looks as it did 40 years ago.

## Costlier

One should have a 1600 two-seater Morgan, silver grey and with a leather strap around its bonnet if you can get it there, which you cannot in a modern car. But the four-seater still looks husky and sporty and tempting at £1,789.

So much for all those inexpensive cars, the Ferrari excepted. Britain's costlier beauties, Jensen and Aston Martin, had strong replies to make to Italian power and beauty. There is a development of the Jensen Interceptor, the somewhat more brutal or, as the trade calls it, hairier SP at £6,977. Its 7-litre engine makes it somewhat less of the sleek executive's car than the familiar Interceptor or the Mark II and it is proving a popular beast in spite of looking rather more beastly at the radiator.

Aston Martin is destined to be another American favourite. To become so, her British characteristics have been emphasised. New colours have names like "Cricket White," "Tudor Green," "Yeomen Red," "Imperial Blue," "Tankard Grey" and more in the same genre. Rear seats have been redesigned for more headroom, and this does make a tremendous difference. Radio and eight-track stereo are standard fittings, as are many other refinements.

The ultra-British look of strength and solidity has been enhanced by a totally American air conditioning system, Coolaire from Florida. Most British systems are content with drawing in air and circulating it. Coolaire refrigerates it. A sophisticated system, it also dehumidifies and, because the moisture is run away on the coils, it provides air free of dust and pollen. So, if you suffer from hay fever, buy an Aston Martin DBS V8 at £8,750. But the air conditioning is extra at £369.

Ford, whose Capri has such lovely lines which combine feminine appeal with masculine strength and sports-car shape, has an ingenious seat belt with an ultrasonic system to ensure that the occupants are safely belted. This prevents the car from being driven at all unless the driver and front passenger are correctly belted. All Ford's efforts to cheat the system or to tamper with it have failed. It's a good idea.

The Motor Show is a lot more than just a display of new cars and prestige exporters. Motorised caravans should give anyone pause who appreciates comfort. There must be, as long as one can find places to park it, distinct advantages in owning a caravan. Older couples, whose children have left home and whose inclinations are to travel abroad whenever they get the chance and without prior booking or large, in-season crowds, are increasingly buyers of these portable homes.

The comfort and ingenuity of fitting living quarters and storage into restricted space deserves a closer look. Last year, 6,339 people bought caravans, more than double the number of buyers of five years ago. Trailer caravans are not at the Show this year, but the sleeper van type, like Bedford Freeway and Ford Landliner among others, are also finding favour.

## Accessories

The accessories strike one as being so reasonably priced as to be cheap. Music wherever you go starts at about £18 for a car radio and goes up to almost anything you care to pay for more sophisticated casette or cartridge players plus luxury radio.

This year, all the Ice (In-Car Entertainment) firms like Pye, Smiths, Philips, etc., have been brought together on the ground floor, near the cars. Do-it-yourself radio fixing is a growing market but may I warn FT readers that it is not as simple as it seems, except for basic radios of the Pye-Ekco type.

There is a lot of knowledge and skill needed in knowing where to drill holes in the precious car, and where to run leads so that neither the engine nor the mobile music interfere with each other.

Software—cassettes and cartridges—are also in at Earls Court this year. We are becoming a nation of musical highwaymen—and women.

Did you know that you can get an automatic, pop-out cigarette lighter to fix for yourself for only £2.55. That manual screenwashers can be converted to electricity for £2.75? That a complete, electrical screenwasher is £4.37? In other words, don't worry about buying the cheaper cars. You can give them the refinements.

# No inflationary pay pacts Heath warns car industry

BY RICHARD EVANS, LOBBY CORRESPONDENT

MR. EDWARD HEATH last night urged the motor industry not to negotiate inflationary wage settlements but to play its small part in bringing inflation under control.

At an eve-of-Motor Show banquet of the Society of Motor Manufacturers in London, the Premier warned that inflationary wage settlements meant fewer jobs. The motor industry was often in the front line of wage negotiations and its settlements had wide repercussions.

"It is essential that in the months ahead the motor industry should play its full part in bringing inflation under control and in safeguarding the economic expansion so essential to the motor industry and to the nation," he declared.

In an optimistic speech, Mr. Heath said there was now no room to doubt about economic expansion, which was already beginning and there was a new mood of optimism in British industry.

The Government had taken measures which set the stage but it was essential to start to think about how the best use could be made of the opportunities brought by expansion.

## Strong home base

The motor industry had claimed in the past that it needed a strong and expanding home base on which to maintain and increase its success in world markets.

"Now you have this base and now is the time for the industry to demonstrate that a sustained and expanding export effort can be combined with a growing home market."

The biggest export opportunity would lie in the European Economic Community and he acknowledged that the industry realised that Europe was not so easy option, a ready-made path to prosperity calling for no efforts.

The Prime Minister argued that in order to prepare ourselves for the opportunities ahead, three problems above all had to be considered if we were to avoid the mistakes of the past—inadequate investment, poor industrial relations, and inflationary wage settlements.

"Now is the time," he declared, "when there is still spare capacity and delivery dates are short to modernise out-dated plants and to prepare for the increased demand which lies ahead. Otherwise we shall find, as we have sometimes found in the past, that the expansion benefits not ourselves but our competitors."

# "Extra pay must be earned"

BY DAVID WALKER

AN END to unrealistic wage demands was called for last night by Mr. Kenneth Corley, president of the Society of Motor Manufacturers and Traders.

"There is no more to be had from demanding: there is a tremendous amount still to come from earning," he told guests, who included the Prime Minister, at the annual SMMT Motor Show banquet in London.

The automotive sector was by far the country's largest exporter of manufactured goods and the last few years had not been happy ones for it. It had suffered "grievous wounds inflicted from without and within," said Mr. Corley.

"We have suffered a long period of artificial restriction and of being told from on high what we must not do. I believe that some part of our industrial unrest was related to a sense of frustration arising from this circumstance," he added.

Mr. Corley went on: "Factories which are not stretched for output are not likely to be purposeful and productive. Job satisfaction, higher earnings and improved productivity stem more readily from busy and bustling workshops of the kind the motor industry thrived on during its years of freedom from controls."

Now, he declared, the industry had been given its head to show what it could do. "I am hopeful that before long we shall all find that we are too busy to strike."

Mr. Corley called it a matter of sorrow that trade union leaders in the motor industry had decided against supporting U.K. membership of the Common Market. "They have opted for staying in their own backyard. I believe this to be mistaken if it is really the long-term good of the industry which is the consideration."

# British Leyland to build prototype safety car

BY JAMES ENSOR

BRITISH LEYLAND is to build a prototype safety car under a contract which should shortly be signed with the Department of the Environment. It will thus join Volkswagen and American companies such as General Motors and Fairchild-Hiller in attempting to test novel safety features under realistic conditions.

One of the significant requirements of the new car is that it should weigh no more than 18 cwt, about the same as the average family saloon. Most of the American prototypes have weighed over 40 cwt. British Leyland will develop features for reducing injury to occupants in head-on or side impact with other cars and also tackle the more intractable problem of reducing the injuries suffered by pedestrians struck by cars.

The Road Research Laboratory, which has conducted extensive safety investigations that have shown serious defects in some cars on the British market, will manage the project. It will be able to draw on the extensive American research under an agreement signed by the two governments in Washington in May.

European government representatives will be meeting in Stuttgart later this month to discuss the experimental safety vehicle programmes of several countries. An attempt will be made to establish common standards which can be passed on to motor manufacturers so that they do not have to design cars to meet conflicting standards.

Motor companies now spend considerable sums on research to improve the safety and pollution aspects of their vehicles. British Leyland alone is spending £2m. a year, and some of the American manufacturers far more. But Lord Stokes, head of BL, warned yesterday that "we cannot accomplish everything we desire overnight. We must be careful not to price the motor car beyond the reach of the average citizen."

Lord Stokes added that the company had had a successful financial year, which closed in September, with vehicle production up by 14 per cent. to 1.076m. Exports had grown by almost 11 per cent., and the company held its share of the British market at over 40 per cent., despite the rise in import penetration from 9 per cent. to 22 per cent. in the past three years. The company achieved its sales growth with a "substantial" reduction in total employment.

Vauxhall also reported yesterday that Viva sales were 26 per cent. higher in the domestic market in the first nine months of 1971 than in the same months of the previous year. Vauxhall, like British Leyland, has benefited from the Ford strike this year.

British Leyland's Triumph division is introducing a more powerful version of the Triumph 1500 with 4 bhp more than the basic model. The "Silver Label" 1500 has modified inlet ports and new camshafts and exhaust system design. Its acceleration from 50 mph to 70 mph in top gear is one second faster than the 1500.

## RELIANT REBEL COSTS MORE

Reliant Motor Company announces that prices of its Rebel range are to go up by £30.30. The increases, to take effect immediately, are necessary because of the higher cost of materials and labour.

The saloon will cost £813.50, including purchase tax, the estate car £881, and the van £703.30.

## U.K. Provident's open-ended pension policy

THE U.K. Provident Institution has launched a new series of with-profit pension annuity contracts, called the open-ended pension policy, in which recently introduced improvements in terms for self-employed pensions reinforce the effect of recent Government legislation.

In April the institution announced its improved terms for self-employed pensions which included reduced premiums, a higher rate of bonus (now £3.75 per cent. p.a. compound) and an increase in the rate of interest (now 4 per cent. p.a. compound) allowed on premiums returned on death before retirement.

## Export A cigarettes for U.K. market

By David Walker

ANOTHER imported contender in Britain's fast-growing king-size cigarette market is being launched by William P. Solomon (Siemssen Bunter).

Its latest brand is Export A, manufactured by W. C. Macdonald International, of Montreal. In Canada, Export A has almost 25 per cent. of the entire cigarette market.

Unlike most brands imported into the U.K., it is made of Virginia leaf rather than blended tobaccos. At 30p for 20, its recommended retail price is the same as that of most leading British king-size cigarettes.

## NEW LONDON HEAD FOR EEC MISSION

M. Georges Berthoin was yesterday received by Sir Alec Douglas-Home, Foreign Secretary, to whom he presented the letter accrediting him as head of the delegation of the Commission of the European Communities to the United Kingdom. He succeeded Mr. Johannes Linthorst Homan as head of mission.





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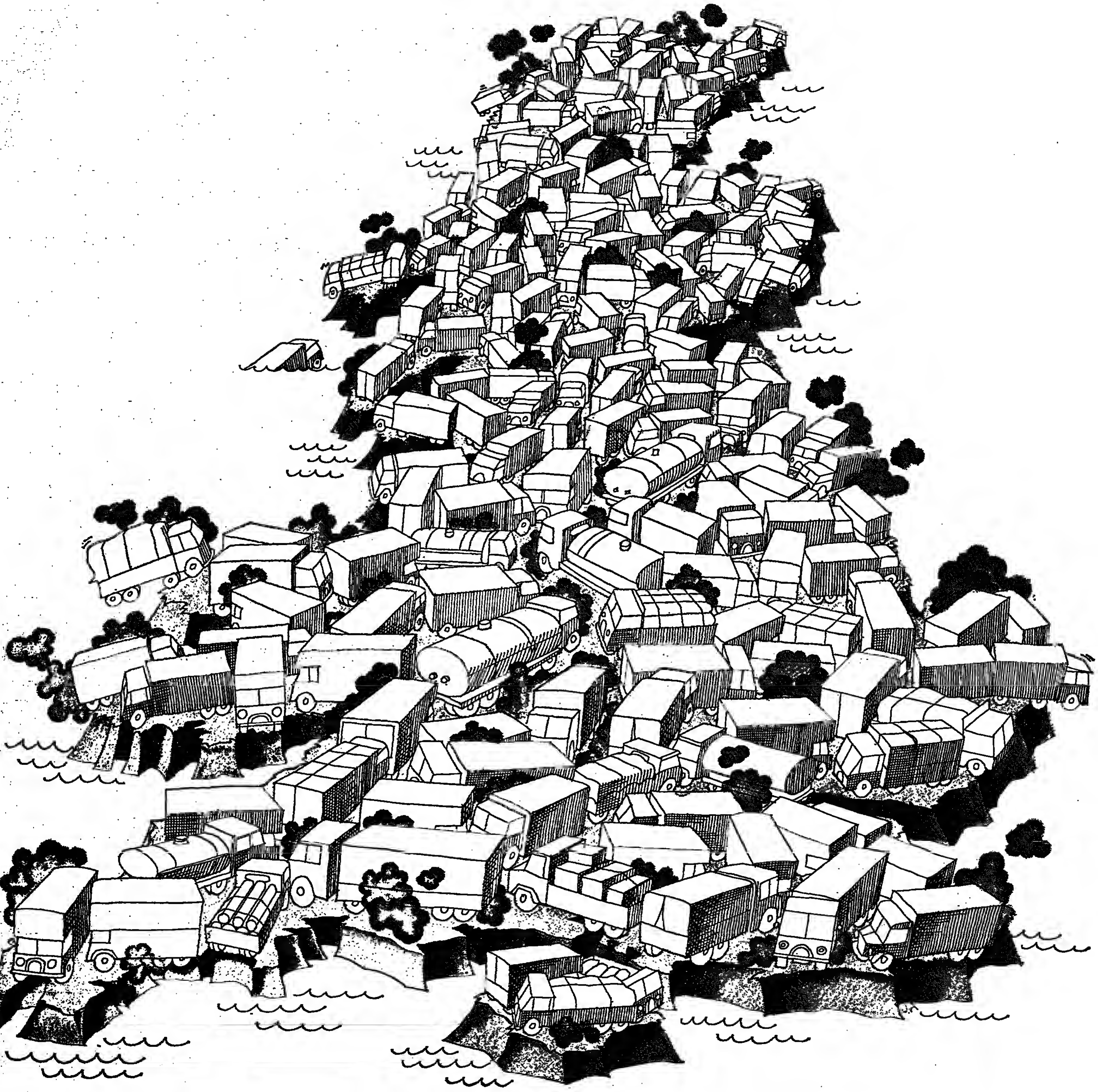


# We can't stand by and watch the country come to a standstill

If you think Britain's roads are busy enough already, consider this alarming fact. By 1976 there'll be another 200 million tons of freight on the move.

Movement of goods in bulk, an important part of this expanding market, is a natural for Rail. Over a thousand tons of freight can be moved in a single trainload, safely, reliably, with little adverse effect on the environment. Factory to factory, siding to siding, movement in bulk makes sound economic sense too, as many of our customers will testify.

To make sure we are equipped to meet the demands of tomorrow we are planning now.

Our plans include more freight trains that can cruise at 60 mph; more larger wagons capable of carrying up to 70 tons; the opening of 150 new custom-built terminals and the development of a more streamlined wagonload network. And this is only the start.

Rail Freight is going places.

With the right connections you could come with us.

**Rail Freight**

*moving with the times*

# MPs urge greater public say in State industry

BY JOHN HUNT

MEMBERS OF the public should be given a greater opportunity to voice their complaints against the shortcomings of nationalised undertakings, says the latest report of the all-party Commons Select Committee on Nationalised Industries.

It recommends that the consultative councils which guard the public interest should be given details of the future plans of State concerns such as the railways, gas and electricity.

It urges that the councils should become fully independent with the sole function of representing the consumer. But it rejects the suggestion that the system should be supplemented by the appointment of an Ombudsman for the nationalised sector.

"The role of the consultative councils should be established once and for all as the consumers' watchdog," says the report. "As such they have an essential part to play in reconciling the public to the operations of the great industries which it owns.

## Separate

"In order to win confidence they must be seen to be separate from them. They must be housed in offices of their own, have control of their own staff, publish their reports independently and not shrink from seeking publicity for their views when they think this desirable.

"Their effectiveness depends on their disassociating themselves in the public mind from the bureaucracy under which the activities of the nationalised industries seem all too often to be conducted.

"Only when their independence is clearly recognised will the great amount of voluntary effort that goes ungrudgingly into their working be requited."

The committee believes that chairmen of the consultative councils should not sit on the area boards of nationalised industries and that board members should only attend the councils by invitation. The councils should also be empowered to engage specialist advisers.

It proposes that nationalised industries should publish "green papers" on their future plans similar to those issued by the Government.

"If nationalised industries are to develop the most fruitful relations with the public they should present as fully and as soon as is reasonably possible a general review of their plans and thinking for the future," the report declares.

It draws the moral that if this had been done by the gas industry over the difficulties with natural gas and by the railways over closures and curtailments, then much trouble could have been avoided.

The committee rejects the idea of an Ombudsman because it might result in unnecessarily complex machinery and delay the handling of complaints.

## Individual

"The present consultative bodies have access to the sponsoring Minister. It is difficult to see to whom else the Ombudsman would report," it says.

The report comes out against the proposal that local electricity and gas consultative councils should be replaced by joint fuel committees which would also have responsibility for solid fuel. It also opposes the suggestion that consultative councils might be elected.

It advocates the individual publication of annual reports by each council instead of including them in the report of the particular nationalised industry.

"Consultative bodies should be at arms length from their industry and seen to be so," it says. "Their weapon is moral persuasion, if necessary through the Minister."

*Second Report from the Select Committee on Nationalised Industries' Relations with the Public. SO, £4.70.*

# Textile dyers' bid for price restraint

THE Knitted Textile Dyers' Federation is recommending its 60 members, most of whom are in the East Midlands, to try to abide by the spirit of the Confederation of British Industry's undertaking on price restraint.

None of the Federation's members was among the CBI's largest 200-member companies who were asked to sign the agreement that they would not increase prices, or to limit unavoidable rises to 5 per cent.

About 15 of the Federation's members are large manufacturers with their own dye houses. The remainder are specialist companies dyeing for other companies.

# Hull traders challenge port charge increases

BY RAY DAFTER

TWO Hull trade associations are challenging increases in local port charges in a move, which if successful, could embarrass the Government over its financial policy for ports.

The Hull Incorporated Chamber of Commerce and Shipping and Hull Fishing Vessel Owners' Association are appealing against Hull port charges following the 20 per cent. increase this summer.

The appeal will be heard by the National Ports Council, which in 1969 upheld an appeal against fish-handling prices at the neighbouring port of Grimsby. Since then, however, the Government has directed the ports industry to be more commercially minded and to charge more realistic prices, a directive which has been followed by a string of big increases in ports around the country.

Hull, which, like Grimsby, is one of the 19 ports controlled by the British Transport Docks Board, is expected to lose between £500,000 and £750,000 this year.

The port has lost trade at a rate which has justified a local investigation into the reasons. The general economic situation and the recent spate of one-day dock strikes are seen as contributory factors.

Mr. William Hope, secretary of Hull Chamber of Commerce said that port charges had been increased by 48.5 per cent. over the last 12 months and this was regarded as a contributory factor to the serious decline of the trade of the port.

Apart from Hull and other Humber ports, which have also had a lean year, the Docks Board ports are reporting improved performances this year, largely as a result of increased charges and cost control measures.

At the moment, the Board is trading profitably, but this situation could well change before the end of the year if it suffers any more serious working disruptions, said Sir Humphrey Browne, chairman.

# £150,000 order for Cardiff dock shed

By Ray Dafter

AVONMOUTH Engineering Group has won a £150,000 contract for the construction of a 90,000 square foot transit shed at Cardiff Docks, part of a £350,000 port redevelopment to cater for the growing fruit imports and general cargo trade.

Last year the port handled more than 110,000 tons of fruit but, through shortage of suitable shed accommodation, was forced to turn away at least 10 vessels with a total of some 50,000 tons of cargo.

Officials at the port—part of the British Transport Docks Board group—estimate that when the new shed is completed in April next year the port will be able to deal with a further 90,000 tons of fruit and general cargo a year.

**HOME CONTRACTS**

# Wm. Neill & Son wins £1m. Esso order

Wm. Neill and Son (St. Helens), a subsidiary of Capper-Neill, has won a £1m. contract for eight oil storage tanks from Esso Petroleum. These are for Esso's Milford Haven refinery. The contract is scheduled for completion by spring, 1972.

★

Thomas McInerney and Sons is to build an 18-storey block of flats and a series of blocks of houses at Meadow Mews (Borough of Lambeth) under a £1.74m. contract awarded by the GLC. Some 300 dwellings are involved.

The company is the operating subsidiary of McInerney Properties of Dublin and accounts for about 45 per cent. of the group turnover which is expected to be about £14m. for 1971.

In a statement in London yesterday, Mr. D. McInerney, joint managing director of the McInerney Properties revealed that the company was seeking a quotation on the Dublin Stock Exchange.

★

British Steel Corporation's tubes division is supplying carbon and alloy steel tube worth more than £300,000 for the South of Scotland Electricity Board's oil-fired power station being built at Inverkip, Renfrewshire, by the Nuclear Power Group.

★

Whatlings (Building) is to build two standard factories at Lenziemill 3 industrial area, Cumbernauld, under a £206,000 contract from Cumbernauld Development Corporation. Work should commence in November and be completed within 36 weeks.

★

An IBM System 370 model 135 computer has been ordered by the TEMPERANCE PERMANENT BUILDING SOCIETY. The machine, which is valued at £380,000, will be used to maintain investment and mortgage accounts. It will be installed at the society's new headquarters in Durrington, Worthing, in the first quarter of 1973.

★

Howard Farrow Construction has been awarded a £770,000 contract by Linsdale Equities for the construction of a 14-storey office block. The work should be completed at the end of December, 1972.



# SOUTH AFRICAN COAL ESTATES (WITBANK) LIMITED

*(Incorporated in the Republic of South Africa)*

*The following is from the Review of the Chairman, Mr. F. S. BERNING:*

Difficult conditions were again experienced during the year and profits suffered accordingly.

The profit for the year, after tax, decreased by R21 000 to R423 000. Total dividends were reduced by two cents to 40 cents a share, absorbing R400 000, and the balance of R23 000 was appropriated for capital expenditure. Expenditure incurred on fixed assets, principally on sinking and equipping the new No. 5 seam shaft, was R215 000, largely financed by loans to which I will refer later.

During the year a total of 1 824 000 metric tons of coal was sold, a decrease of 3 000 tons compared with the previous year.

At the Landau No. 3 steam coal pit, stone intrusions are still being encountered to a much greater degree than is normally associated with mining conditions in the Witbank area. As a result of this, and also because of the necessity to maintain the quality of our product within high grade specifications, 31 per cent of the tonnage mined from this pit during the year was discarded as waste. The mining and processing problems and also the general increases in the cost of labour and materials had a serious effect on working costs, which showed an increase of 3.5 cents a metric ton compared with the previous year, and to aggravate the position, the price realised for our steam coal was lower because of increased selling expenses.

In this climate of increased working costs and lower revenue, it is quite clear that a stage has been reached throughout the industry when generally the mining of steam coal is yielding only marginal profits. The triennial review of the controlled price of coal is due shortly and will no doubt bring some relief. However, it is my view that the whole structure and effect of coal price control requires careful and urgent reappraisal. The periodic increases granted are too little and too late, while the lack of flexibility in the application of the price leads to waste of fuel, both in the form of discard and in the sense that consumers demand qualities superior to their needs, simply because they pay little or no more for higher grades. I believe that unless the inadequacies in the country's coal pricing system are remedied soon, a shortage of supply of domestic coal will develop, purely because producers will become so disenchanted with their return on capital that they will discontinue investment in new or replacement output capacity.

The output of No. 5 seam blend coking coal from the Navigation section and from the new area north of the Nicholson shaft is committed under contract to the South African Iron and Steel Industrial Corporation Limited (Iscor). It is expected that Iscor will build up its requirements to 600 000 tons a year and, at this rate of production, the reserves in the two five seam areas will be exhausted concurrently in about seven or eight years.

In my review last year I referred to our participation, through The Transvaal Coal Owners Association (1923) (Proprietary) Limited, in a contract to supply a low-ash coal from the No. 2 seam to Japanese steel mills. Our company is scheduled to be the first to deliver coal under this contract, with initial shipments through Lourenco Marques at the rate of 100 000 metric tons a year, from October 1972 until April 1976, when shipments are due to commence through Richards Bay. The company's delivery rate will then increase to approximately 500 000 tons a year for the remainder of the contract which extends until 1986. In the overall period of the contract, the company is to supply some 5.4 million tons of coal. During the period from October 1972 to April 1976, Iscor has agreed to accept from us 300 000 tons of low-ash coal a year, at the same level of price as is applicable to the deliveries to Japan, and this will enable us to make full use at the outset of the new washing plant and other facilities which we will have to instal. I stated last year that it was unlikely that capital expenditure would be less than R2 000 000; in the event, because of steeply rising prices and design modifications, the final estimate is R2 850 000 to produce low-ash coal without expansion of overall sales output. Although this is a very substantial sum of money in the context of our present financial circumstances, I am confident that it will prove to be a profitable investment and that the innovation of producing metallurgical coal from the No. 2 seam will provide the colliery with a long-term future which otherwise would indeed have been uncertain. I would also like to tell members that we have indicated to Iscor that we would be prepared to consider opening a new mine in what would be known as the Landau No. 4 section of the colliery, south of the present workings, to provide for continuity of supply of the 300 000 tons previously mentioned, which would otherwise cease when full-scale deliveries to Japan begin. This would of course entail large capital expenditure, probably of the order of R7 000 000, and would only be undertaken if a long-term market at appropriate prices for both low-ash coal and the 'middlings' product can be guaranteed.

During the year we were called on by Arnot Colliery (Proprietary) Limited to provide R583 000 as an interest-free loan. Members will recall that the Arnot company holds the contracts to supply the Electricity Supply Commission's Arnot and Kriel power stations. Our participation right in that company is 6.861 per cent. The amount of R583 000 represents our *pro rata* share of expenditure incurred on the Arnot Colliery up to the commissioning date of the first set at the Arnot Power Station in May 1971. It is expected that permanent financing arrangements will be settled by the Arnot company shortly. Having regard to the teething problems invariably associated with the running in of the large modern generating sets, the Arnot power station is functioning satisfactorily and, if coal consumption is as planned, it seems likely that further calls on us by the Arnot company will not exceed R100 000 before construction work starts on the Kriel coalfield.

In order to finance the Arnot loan and other capital requirements, we have obtained short-term loan facilities from Anglo American Corporation of South Africa Limited. The balance on this loan account was R1 088 000 at the year end and it has since risen to R1 500 000. Consideration is being given to the best means of raising permanent capital, and members will be further informed as soon as is possible.

*Copies of the Report are available from the London Office of the Company, 40, Holborn Viaduct, EC1P 1AJ, and from the Office of the United Kingdom Transfer Secretaries, Charter Consolidated Limited, Kent House, Station Road, Ashford, Kent.*

*The fifty-first Annual General Meeting will be held at 44, Main Street, Johannesburg, on Tuesday 9th November, 1971, at 11.00 a.m.*

# NATAL COAL EXPLORATION COMPANY LIMITED

*(Incorporated in the Republic of South Africa)*

*The following is the Review of the Chairman MR. F. S. BERNING:*

Net profit for the year increased by R56 000 to R124 000. A dividend of 2.5 cents a share absorbed R125 000, leaving an unappropriated profit of R17 000 to be carried into the current financial year.

With the closure of the mine in October 1968, the company's business is now confined to receipt of royalty income from:

(1) the lease of its bituminous coal trade allocation to three other producing collieries in Natal;

(2) the lease of its coal reserves in the Mool Krantz area to The Natal Cambrian Collieries Limited (Cambrian).

Total income for the year amounted to R181 000, made up of R67 000 from the lease of our trade allocation, R100 000 received from Cambrian and R14 000 from sundry other sources. This total compares favourably with the amount of R146 000 received during the previous year and is unlikely to be significantly exceeded in the future.

As foretold in my previous review, total expenditure of R57 000 for the year, comprising caretaking, maintenance and administration expenses, was lower by R21 000 than in the previous year.

With the exception of the mine property and village, no other realisable assets at the mine remain unsold. Shareholders will recall that the company's real estate, comprising 762 hectares of land, a compact mine village of 64 European houses and various other mine buildings and amenities, lies some 22 kilometres south-west of Newcastle in Natal. For the present, the majority of the houses are being leased on a short-term basis to the South African Iron and Steel Industrial Corporation. In due time this asset must be sold, but it should be pointed out that recent detailed town planning surveys for the town of Newcastle over the next 30 years contemplate major expansion plans which unfortunately leave the mine property somewhat remote from the main focus of development.

**FUTURE PROSPECTS**

Our company has an assessed tax loss which the present level of annual income will take many years to work off. Provided the present level of our royalty income is maintained, it should prove possible to maintain the current year's dividend at the level paid last year.

*Copies of the Report are available from the London Office of the Company, 40, Holborn Viaduct, EC1P 1AJ, and from the Office of the United Kingdom Transfer Secretaries, Charter Consolidated Limited, Kent House, Station Road, Ashford, Kent.*

*The twenty-second Annual General Meeting will be held at 44, Main Street, Johannesburg, on Tuesday, 9th November, 1971, at 10.45 a.m.*

هكذا من الأصل

# Machine tools: bumping along the bottom

## A dramatic drop in new orders and redundancies running to several thousands . . . Ken Gofton reports

FOR A YEAR the machine tool industry has been slipping steadily into the worst recession it has known since the war. The impact shows up not so much in the delivery figures, which at £100m. for the first six months of this year are effectively the same as in the first half of 1970, but in the intake of new business. The industry has been running out of work. Net new orders booked between January and June totalled £73m., a drop of 34 per cent. on the situation a year earlier.

### Labour cut

Redundancies now run to several thousands, and a number of factories have been closed. One of the worst hit groups has been Staveley Industries which has cut its labour force by 25 per cent. and closed its Craven Swift subsidiary, having decided that it was too small an operation ever to make a profit in a sector of the market calling for considerable research and development expenditure.

Worse, not one of the seven companies which make up 50 per cent. of the industry has yet seen an upturn in business positive enough to be labelled a trend. Most report no shift at all beyond an increase in inquiries, which as yet are not being converted into orders. In many cases these inquiries are from production engineers preparing schemes for the day when their directors say that they can spend some money, and that could still be months away.

In one sense, it is the familiar sight of the machine tool industry bouncing along, or being buffeted along, at the bottom of the investment cycle. The picture is different this time in two respects, however. From the negative point of view the recession has been particularly bad—not least because it has been spread over more international markets than usual. More positively, there has been an unprecedented shake-up in the U.K. industry. The professional manager is really coming into his own and new faces are being brought in from outside.

It is more than a coincidence that three of the industry leaders have recruited new chief executives in the last two years. Peter Rippon joined Tube Investments' machine tool division in 1969 from Dowty Rotol. Alfred Herbert recruited Neale Raine, a civil engineer with a management consultancy background, as group managing director a year ago. And Frank Davis, formerly in the steel industry, took charge of Staveley's machine tool division on September 1. One might take this as recognition of the fact that the very large groups which emerged from the wave of takeovers in the mid-1960s demand a different style of management from the archetypal family business.

Take Alfred Herbert first, since it is the biggest machine tool producer in Europe and accounts for a quarter of the British industry. That the group has problems should be obvious enough from the first half results to April 30, which showed a loss of £828,000 against a similar profit in the first half of the previous year. The company is particularly vulnerable to the investment cycle because of its dependence upon standard centre lathes, the purchase of which can often be easily postponed when customers are pruning budgets.

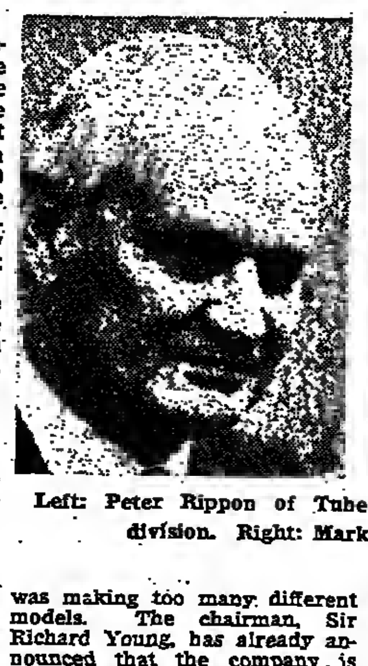
Neale Raine stressed that a good start had been made to solving many of the group's problems before he took office. One area that needed urgent attention, however, was the overheads structure. "It was unbearably high, even in terms of a full order book." By the end of the year the group will have got rid of 3,000 people, two-thirds of them "overheads people."

### Rigid controls

Production methods are being streamlined to reduce the cash tied up in work in progress and generally make more efficient use of capacity, although the programme will take a long time to implement fully. Rigid budgetary controls have been introduced, "and in consequence we have cut our indebtedness to the U.K. banks considerably."

Herberts has accepted that it was making too many different models. The chairman, Sir Richard Young, has already announced that the company is dropping about 100 of its 300 machines, without abandoning any of its markets.

In this respect it differs slightly from Tube Investments which earlier this year decided that it did not want to be in the heavy end of the turning, boring and milling sector, and sold its German subsidiary Froriep. Otherwise there is a great deal of common ground between Peter Rippon of TI and Neale Raine.




Left: Peter Rippon of Tube Investments machine tools division. Right: Mark Russell of B. Elliott

One of the most vital areas on which they are agreed is capacity. At the beginning of the year the Expert Committee on the Machine Tool Industry, under Sir Richard Way, reported to the Government that the industry ought to invest something like £60m. in order to raise its capacity by two-thirds to £300m. (at 1969 prices) by 1975. Possibly that target could now be put back a couple of years, in view of the fact that the committee had reached its findings before the slump had really set in.

Even so, these figures were put forward to suggest what the industry needs to do to maintain its share of world trade, and they are regarded with some cynicism within the industry. Tube Investments and Alfred Herbert take the view that they have all the factory space they need, and can increase their capacity substantially by better production methods, including more shift working, and investment in more productive, numerically controlled machines.

The significant point is that both companies are against the idea of boosting capacity to the point of being able to chase every order in the peak years of the cycle: the swing is too violent.

Mark Russell, deputy chairman of B. Elliott, maintains that there is a conflict between what might be postulated as being in the national interest and what is in fact in the interest of shareholders: "I would like to see a major investment programme, but how can one justify it?" At Staveley the view seems to be that further investment in machine tools will be defensive rather than expansionary.

### Key area

Marketing, of course, is a key area, and one that is receiving much attention. It may be significant that two major companies acknowledged by their competitors to be strong on this front have been among the last to lay off staff in the present depression. Cincinnati finally sacked about 400 last month—a move which the company claims it would have been able to avoid if "natural wastage," the process of voluntarily leaving to take up other jobs, had not dried up completely over the last year.

Wickman, the John Brown subsidiary, has introduced short-time working at two factories and has had limited redundancies at one, emerging so far relatively unscathed.

What is the essence of machine tool marketing? Jack Wellings, chairman of the Cohen 600 Group, which includes the successful Colchester Lathe company, says bluntly that the number one consideration is to design for the world, and not just the home market, and secondly, to design in a way which ensures a fair return to the manufacturer.

Few would disagree with that, and certainly not Cincinnati nor Wickman. The Little Neddy report on machine tool marketing criticised companies that took too little account of the market price at the design stage and, as a result, built in for themselves an inadequate profit margin.

There are, of course, many aspects to marketing. Market research is one. The Little Neddy study found only three companies, all of them considered successful, which ran market research departments. Two others were in the process of setting them up. It is likely that TI is one of those two, since its first detailed market analyses have now come through. "It is too early to say that already they are paying off, but without these reports the product development team would just be guessing," says Peter Rippon.

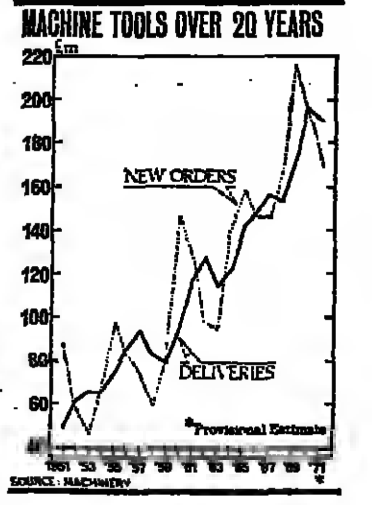
At least there are signs that the giants of the industry are doing the right things, from product rationalisation to tighter financial control and better marketing. Such policies cost money and take time, but augur well.

### Wider field

However, better management alone is not going to get the machine tool industry out of the painful position it is in at the moment.

That apart, there are some obvious strategies which the machine tool manufacturers can follow, and are following, to iron out the humps. They are diversifying, for instance—buying into machine tool accessories, general engineering or plastics machinery. Above all, they are strengthening their overseas operations and reducing their dependence upon any one individual market. But the big question remains: just when will the home market pick up again?

MACHINE TOOLS OVER 20 YEARS




# New kit will speed tests for drugs

BY DAVID FISHLOCK, SCIENCE EDITOR

A WAY of testing for illicit drugs many times quicker than anything that is commercially available has been developed by the Laboratory of the Government Chemist, and is exciting the interest of the American FBI. It was shown to the Press for the first time yesterday.

The test takes the form of a field kit simple enough to be used by people inexperienced in chemistry, with no more than a few minutes' training. In only seven or eight minutes, the user can check for the four main classes of illicit drugs—opiates and amphetamines, LSD, cocaine and methaqualone, and cannabis—and also for barbiturates.

The field kit arose through an analytical service the Laboratory, in London, provides for the Investigation Branch of Customs and Excise and the military police. They refined their analyses to the point where they reckon the officer who arrives with a sample for assay waits no longer than one hour, said Mr. M. J. Maunder, head of the section responsible for this work. Forensic laboratories commonly require six weeks for such an assay.

Dr. Maunder estimated that the kit—which has not yet been issued in its complete form—could be manufactured commercially for as little as £5, "and that would include a good profit." It consists essentially of several liquid reagents which are applied in turn to a trace of the drug on a filter paper.

In the case of cannabis, the spot test is so specific that the paper itself could be retained as a record, signed and witnessed.

The latest test to be added is for methaqualone, the narcotic ingredient of Mandrax, which came under control only in January this year. It gives a clear and rapid response in the form of a blue spot on the paper.

So far, only four instances of false positive responses to these tests have been reported back to the Government Chemist, and none could be confirmed when the directions for use were correctly observed. Plans are now being made to issue the complete analytical kit to Customs officers.

# Repairers' work satisfies most householders

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

BRITISH householders are much more satisfied with the building maintenance and minor improvement work carried out for them by small contractors than many builders themselves suspected.

This is the main conclusion of a report published yesterday by the Department of the Environment, following research into nearly 1,000 maintenance jobs in Harrow, Winchester and Sheffield, interviews with 474 householders, 99 owners of small businesses and 122 builders.

The householders interviewed said that they were dissatisfied with only 6 per cent. of the work carried out for them, although 4 per cent. of the sample felt that they had paid too much for the jobs, and 5 per cent. thought the work had taken too long.

The report gives the impression that builders are generally too defensive. Nearly a third of the builders interviewed thought that people had an unfavourable impression of companies like their own.

For this, they blamed poor workmanship in the main, usually on the part of a small number of firms, and public insistence on cheapness.

The report shows clearly that most people choose a building contractor to carry out work for them either because they had used the company before; because they knew something about it personally; or because it had been recommended to them by someone whose judgment they trusted.

Over half the work concerned in the study went to companies chosen on the basis of previous experience and personal knowledge, and in only 1 per cent. did the householder express overall dissatisfaction.

This must be compared to a criticism of 8 per cent. of the jobs where the firm was chosen on the basis of recommendation, 7 per cent. where other factors, mainly price and convenience, determined choice, and 22 per cent. where a company was used because it was an official Board or supplier.

The report suggests that advertising plays only a small part in the householders choice of a builder.

Copies of the report, "The Consumer's View of Building Maintenance," published by the Department of the Environment, are available free from the building information room of the Department at Thames House South, Millbank, London, S.W.1.

# Food ITB finds flaws in companies' training plans

BY ELSBETH GANGUIN

FOLLOWING an audit of grants claims made during 1969-70, the Food Drink and Tobacco Industry Training Board concludes that systematic training can pay, but only if its principles are understood and implemented properly."

The ITB took a look at 16 per cent. of all grant claims, "covering 1 per cent. of levy committed to grant and therefore many large as well as small companies." Many of these had apparently misunderstood the conditions to be met before grant claims could be made, says the ITB.

Five weaknesses in training practice had emerged: the initial assessment of overall training needs, the overall training plan, job descriptions, training records, and individual training plans.

There was vagueness in planning and setting objectives and targets. There was a lack of management involvement, non-existent or inadequate training records, and a lack of appreciation of the purpose of systematic training and the need for management development.

The ITB stresses that "discovery of these weaknesses has meant a reduction of 7.5 per cent. (over £260,000) in grants which would otherwise have been paid." And it adds that "as an exercise the audit has been invaluable, showing the areas in which Board staff will still need to concentrate in their advisory work."

## £1¼M. BLOCK FOR HOSPITAL

A new ward block costing nearly £1¼m. is to be built at Nottingham City Hospital as part of its development into a full-scale district general hospital. Already about £5m. worth of building projects are taking shape on the hospital complex.

Work will start in 1974, and among developments will be a 10-bed unit specialising in the treatment of chronic kidney disease, and improvement to the burns and plastic surgery departments.

# APPOINTMENTS

THE BRITISH COUNCIL

## Appointment of Director-General

The Executive Committee of the British Council invite applications from serving staff and outside applicants for the post of Director-General, open to men and women, which falls vacant on 1 July 1972. The Director-General is the chief executive of the Council.

The Council's objects, as defined in its Royal Charter, are to promote abroad a wider knowledge of Britain and of the English language and to develop closer cultural relations between Britain and other countries. The Council is represented in 75 countries overseas and has a staff of about 4,250. The annual budget is about £16 million. In addition the Council administers about £8½ million a year, mainly on behalf of the Overseas Development Administration of the Foreign and Commonwealth Office, for aid to education in developing countries.

Applicants should have a sound knowledge of British culture, substantial administrative experience, and the ability to establish relations of mutual confidence with the organisations and individuals with whom the Council works, both at home and overseas. The post involves extensive travel (including tours in tropical areas).

The salary of the post is £13,000 a year. There is a non-contributory pension scheme.

The closing date for applications is Friday 7 January 1972. For further details and an application form, please write to the Secretary, The British Council, 65 Davies Street, London W1Y 2AA, marking the envelope "DG".

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2. English Transcontinental Limited has made application to the Department of Trade and Industry pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (SR & O 1944 No. 541) for the release of the £955.60 3½% War Stock deposited in pursuance of Section 5 of the Act. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Insurance and Companies Department, Department of Trade and Industry, Sanctuary Buildings, Great Smith Street, London, SW1 not later than Thursday, the 11th November, 1971.

## ANNOUNCEMENTS

NOTICE OF DISSOLUTION OF PARTNERSHIP. Messrs. Northcote & Co. have to announce that Mr. E. C. Duckworth will be relinquishing his partnership with them on the 31st October 1971, and will be joining Messrs. Buckmaster and Moore.

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# The Executive's World

EDITED BY DAVID PALMER

# Your Business Problems

## Long-range planning film by EMI

By John Chittock, Industrial Film Correspondent

he rationale of turning crystal all gazing into a reliable nanagement technique — long-ange planning—is the subject of he latest EMI Special Films Unit roduction released yesterday.

It follows a series of films on nanagement by objectives—and n unfortunately timed film on narketing with a sequence on olis-Royce which might have enefited from this newest pro-luction, *Focus the Future*, in act takes aviation as its open-ng theme, with a delightful equence of our grandfathers in heir often bizarre attempts at etting airborne.

After this good opening the lm sinks to the familiar ormula of the fictitious company nd the boardroom chat. This ntroduces its own anomalies by nixing fiction and fact when the rofessional actors have a meet-ng with real-life figures at aker Perkins Holdings. This roup has been operating long-ange planning for nearly five ears, and present chairman Mr. ver Baker explains in the film ow the company tackled the job f introducing the technique.

The film succeeds in providing n outline of long-range plan-ing, albeit in an uninspiring nanner. The practical conse-uences emerge less clearly, xcept in a summing up sequence y John Humble.

Plenty of in-filling comes, how-ver, in a supporting book with he same title—*Focus the uture: An Introduction to Long ange Corporate Planning*. Writ-en by H. F. Robert Perrin, this s integrated with the film and eproduces the film's commen-ary. Co-operation for both ook and film came from the ong Range Planning Society. opies of the film are available n hire or purchase, in 16 mm olour, running time 24 minutes; he book may be purchased eparately for £1.25. Both are vailable from EMI Special ilms Unit, 2-4, Dean Street, ondon, W.1.

*EEC Impact on U.K. Employ-ent.* October 26, Hilton Hotel, ondon. Will stress the implica-ons of the U.K.'s entry into the ommon Market for personnel nanagement. Particular em-hasis placed on growth of multi-ational companies and unions, ocial security provisions, labour nobility, equal pay and lifferences in executive re-nuneration. Details: AIC Man-gement Consultants, Division of ndustrial and Human Relations, 2, Preston Road, Harrow, iddlesex.

SMALL BUSINESS

**It sounds astonishing, but two years ago whenever Thomas Proctor of Newcastle received an order the warehouseman found difficult, he simply burnt it. PAMELA READHEAD describes how the company is moving into the Seventies**

## Proctor takes a gamble

HOW MANY British companies tear up their customers' orders if they are the slightest bit com-plicated, keep their stock on the floor in heaps, and rely on memory for price-list catalogue and order book?

Proctor of Newcastle has been running along quietly like this for the last twenty years. Not the Procter of washing powder fame, I should add, but Thomas Proctor, distributor of industrial goods to the trade since 1794.

"I suppose you could say that Proctor had at least met the first management objective," says the new managing director, Ken Lee, "survival."

Since its incorporation Proctor has belonged to the Proctor family. Every generation pro-vides a "governing" director who looks after the company and all the shares are held by the family.

After the war the Proctors drifted South and more or less forgot what was going on in Newcastle. Then, a couple of years ago, when his father died, responsibility for the firm passed to John Proctor, an airline pilot from Reigate.

### Family business

Like a character in the Forsyte Saga, John Proctor knew about the family business, but it was very remote. His father had been an artist and took very little interest in the firm.

John was far too busy flying aeroplanes to look after a small business in the North. He even thought of selling it, encouraged by his aunts who held a lot of the shares. But his wife, Vera would hear nothing of this. "I headed North," she says. "I wanted to find out what was happening."

Vera Proctor walked into the dingy building a stone's throw from the Tyne and found a slum. "I was horrified. There seemed to be men and boys just standing around in dirty overalls." The building was dark, cold and smelly. Mrs. Proctor began an immediate springclean, tearing out old sinks and putting in new lavatories. "I told my husband I didn't care what it cost. I come from South America where they have respect for people," she says fiercely.

But that was not all. Mrs. Proctor decided to learn how to run the company. "I knew some-one from my husband's company had been to Sundridge Park," she says, "so I rang them up and asked if I could."

"It was awful," she says now, "all the men came from com-panies quoted on the stock ex-change. I got so worried I had a migraine." After three days, Mrs. Proctor went to the course tutor

Ken Lee: "There were thousands of 11-inch buckets lying around"

and said that nothing she had been taught on the course seemed appropriate to what was happen-ing in Newcastle. "We saw a film on what salesmen should carry with them on visits. Ours didn't even have an order book."

Mrs. Proctor persuaded the Board to call in a PA consultant to take a look at the family firm just to see if it was worth carry-ing on. After a six-man week's assignment costing £2,000, PA said it *was* worth carrying on trading. But they recommended getting a new managing director. A month or two later Ken Lee arrived with a Harvard back-ground and solid engineering experience.

He walked into Proctors and nearly walked out again. "I couldn't believe my eyes. I called in the three salesmen and said, 'Well, lads, how much did you sell last week?' They didn't know. 'Well, how much did you sell last year?' "They hadn't a clue."

list. Yet somehow the company had made a small profit on a turnover of £100,000. "I reckon they thought they were bound to make money if they bought at threepence and sold at sixpence and spent nothing," says Lee.

Lee monitored all telephone calls, to find out how the com-pany worked. Customers kept ringing up to find out what had happened to the order they had sent a year ago. Quite simply, the order had been torn up—or filed, Lee discovered.

The only reason that Proctors made money was that somehow in the hazy past it had acquired exclusive agencies for a number of important manufacturers. Tecalemit is the biggest and accounts for 49 per cent. of the total sales. Now that the stock has been counted, it turns out that Proctors supplies 4,500 lines, but until a few months ago most of the customers—and the employees—only knew the lines which they had personally seen on the four floors of the build-ing.

Lee found that there was no shortage of demand for Proctor's goods. "But the organisation was rotten from within." He decided to re-fashion the com-pany from scratch.

The Proctor staff of 19 were all being paid about £4 less than the average for the jobs they did. This was made good imme-diately.

Other very basic changes have been made. The stock has been counted—4,500 lines have been listed and a catalogue has been prepared. A stock control system has been introduced so that a man no longer has to run up four flights of stairs to find out if something is in stock.

### Windows cleaned

Downstairs in the shop, the windows have been cleaned and a few point-of-sale displays mounted on the wall. In the first week since this small change was made, over-the-counter sales rose by 30 per cent. to £1,300 a week.

Out in the field, the salesmen who first told Lee that they were "representatives" and not re-quired to sell, have been given an incentive on direct sales. Between September and Decem-ber, 1970, sales rose from £14,000 to £25,000 a month.

Down in the warehouse, a new store team of ex-army staff ser-geants has been introduced. Lee still thinks they sell 1,000 lines too many, but it is too soon to say which.

Already, Lee has proved to the sceptical staff that they can handle 25-50 per cent. of extra work with no extra hands.

The company's cash flow has been helped by the sale of some land opposite the shop, for £10,000. Two vans have been bought and for the first time in 40 years the offices painted.

The Proctor story sounds small beer. A new MD, a £2,000 PA assignment, and a few simple changes. But as PA consultants point out, Proctor may well be typical of hundreds of companies in the U.K.

## Unit trusts' gains tax

BY OUR LEGAL STAFF

**Would you please advise me how one calculates the amount of Capital Gains involved when selling Unit Trusts, information I have tried to obtain without success?**

In principle you take your cost (assuming purchase after April 6, 1965) and add it to the capital gains apportioned to the units while you have held those units. You calculate your gain by deducting from the sale proceeds the uplifted cost.

As there are a number of complications and each case depends upon its particular facts, you should seek the advice of an accountant, to help you with your problems.

### A foreign partner

**We contemplate forming a trad-ing partnership, consisting of two U.K. registered companies, and a company incorporated abroad having no business in the U.K. What would be the latter com-pany's U.K. tax position? If sub-ject to corporation tax would it also be subject to income tax? Would there be any difference if foreign company was an unlimi-ted partner?**

It is assumed that the direc-torial control of the overseas com-pany would be abroad so that it would not then be U.K. resident for tax purposes; mere registra-tion abroad would be insufficient to establish non-U.K. residence.

The overseas company would be trading as a partner in the U.K. and as a result would be sub-ject to corporation tax on its share of the partnership income. There would be no withholding tax on transferring to the over-seas company its share of profits. There would be no difference in treatment if the overseas com-pany was a limited partner.

The income of the overseas company could still be subjec-ted to U.K. income tax and surtax, under Section 478 Taxes Act, if broadly speaking a U.K. resident individual were ultimately to en-joy its income. The proposed transaction also requires con-sideration in relation to the pro-posed reform of U.K. corporation tax.

### Non-payment of ground rent

**Would the procedure described under the heading Distress for Ground Rent (October 13) apply where the demands sent to the lessee are returned marked "gone away"?**

If the premises are in fact empty —there is no one there and no furniture or other similar assets which can be seized—then the remedy of distress (which is cer-tainly available to you) would be useless. In this case your correct remedy is to forfeit the whole lease of the premises in an action in the Courts. In this way you will get the property back into hand, and can sell or re-let it as you see fit.

### Improvement grant

**In calculating capital gains tax does the cost of an improvement stand reduced by the tax refund recoverable by the vendor up to the date of re-sale on an agri-cultural capital improvements claim?**

The cost base will include the cost of capital improvements and such cost will be reduced by any improvement grant. If a loss arises on the sale it will be restricted by reference to any allowances made in respect of the capital improvements under Section 314 Income Tax Act 1952 (now Section 68 Capital Allow-ances Act 1968) but not by the amount of the tax refund itself.

### A bankrupt mortgagor

**I have agreed to sell a house and leave the bulk of the pur-chase price on mortgage. What happens if the buyer becomes bankrupt?**

If you have a mortgage on the house you will have the value of the house to look to to satisfy the mortgage before the general creditors get a penny out of it.

### A company in liquidation

**A company has two shareholders and directors and a chairman who is not a shareholder. Must the chairman agree to a liquida-tion? On liquidating, would it be better for the other two directors to receive some of the money due to them as salary? What would be the tax position? Would the chairman be entitled to any-thing?**

The chairman's agreement is not necessary to put the company into liquidation. This is done by the members passing a resolution in general meeting to put the company into liquidation.

The liquidation distributions would normally only be liable to capital gains tax in the hands of the shareholders (the gain would generally be measured by the excess of the distributions over the capital April 6, 1965, value of the shares). Prior to liquidation it would be advisable to obtain from the Revenue clearance of the proposed liquidation under Section 464 Taxes Act 1970 (anti-avoidance legislation against transactions in securities).

It would probably be beneficial for the shareholders to be paid a reasonably commercial salary prior to liquidation but this must depend on their respective mar-ginal rates of tax.

The chairman would have no legal entitlement to share in the distributions in liquidation—how-ever, depending upon his terms of service he may have a claim against the company for compen-sation for loss of office.

### Close company apportionment

**After paying tax on income received from a family trust, I received a demand for surtax, and on my asking for an ex-planation was told that the income had been apportioned under Section 78 of the Finance Act, 1965, and that the sum was due under para. 15 (3), Schedule 18 of the Act. I have ignored this demand.**

**Will the Revenue eventually take proceedings against me? As I reside in the Isle of Man where would any proceedings be taken?**

Where the income of a close company is apportioned to the members, the notice of charge is sent in the first instance to the member concerned. If the member does not within 28 days elect to pay the tax, then the notice of charge is served on the company, which thereupon becomes liable to pay the tax. If the member has elected to pay the tax and fails to dis-charge it within 28 days, then the company again becomes liable for the tax.

In your particular circum-stances the Inland Revenue are unlikely to be taking proceed-ings against you for recovery. If they did proceed against you, they could obtain judgment, if need be with substituted service, and then attach any assets you have in the U.K. to satisfy their claim.

The law is directed at people who seek to practice surtax avoidance by accumulating the income of companies, rather than distributing such income as a dividend or other distribution in the normal manner. When a shortfall assessment is made and the income is subsequently distributed by the company as a dividend, the Revenue do not assess the subsequent distribu-tion.

*

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## Management ideas from abroad

*These summaries are con-densed from Top Management Abstracts and Accounting + Data-Processing Abstracts. Readers wishing to consult original texts should either write to the individual maga-zines or to Anbar Management Services, P.O. Box 23, Wembley HA9 8DJ, telex 935779.*

**WORKER PARTICIPATION IN MANAGEMENT**

B. Teague in The Conference Board Record (845, Third Avenue, New York, N.Y. 10022, U.S.) July.

A factual summing up of the working of "Mitbestimmung" in Germany, compiled with the co-operation of the German Information Office in U.S. Claims "Mitbestimmung" as one—but perhaps the critical —factor in German employee attitudes, which in turn are given the credit for the low incidence of strikes (as strikingly demonstrated by a UN comparison).

**INTERNATIONAL EXECUTIVE PAY: WHO CHEATS WHOM?**

R. D. MacDougall and E. DeMartino in European Business (28, Boulevard Raspail, Paris 7, France) Summer.

Charges that the policy of grant-ing allowances to an executive transferred to another country makes for inequality. Com-pares cost of living, taxation and other factors in a number of European countries. All this leads into a description of the policy adopted by the Intertechnic Company (plants in nine European and three American countries) which—it is claimed—is a new logical solution.

**WHY MOTIVATION THEORY DOESN'T WORK**

T. H. Fitzgerald in Harvard Business Review (108, 10th St., Des Moines, Iowa 50305, U.S.) July/August.

Expresses doubts about current popular theories of motivation, job enrichment and participa-tion, and argues that the seriousness of the motivational problem has been under-estimated. Discusses the basic industrial and cultural con-ditions, trends and assumptions that have created and magnified the motivational problem, and critically examines the popular theoretical concepts aimed at solving it. Presents alterna-tive simple approaches to motivation improvement.

**SPOTTING MANAGERIAL ABILITY**

R. C. Wilson in Personnel (135, West 50th St., New York, N.Y. 10020, U.S.) May/June

Presents and discusses the con-tent of a rating list of 15 managerial traits, in the three categories of basic equipment, skills and outlook, that can be used as a guide to evaluating an individual's managerial ability or potential.

**BUREAUCRACY UNDER ATTACK**

H. M. Carlisle in SAM Advanced Management Journal (Society for Advancement of Manage-ment, 1472, Broadway, New York, N.Y. 10036, U.S.) July

Outlines the background to the evolution of the bureaucratic form of organisation, examines its basic principles and the reasons for its success. Discusses criticisms of its limitations in to-day's rapidly changing environment, in which a more flexible, adaptive type of organisation is required, and worker potential needs to be developed.

**ARE DIVIDENDS REALLY NECESSARY?**

G. T. Steadman in The Austra-lian Accountant (49, Exhibition Street, Melbourne 3000, Austra-lia) June.

On the basis that the best criterion for the success of a firm is the value of the firm to the shareholders, this article examines how this measure-ment can be established, and concentrates in particular upon the role of the dividend. Re-search studies are suggested as pointing to a tendency for shareholders to look to stable dividends rather than to fluc-tuating distributions, and for the market to look to earnings rather than dividends; and the article calls for more empirical research and discussion into this issue.

**PREDICTION OF BUSINESS FAILURE**

J. W. Wilcox in Sloan Manage-ment Review (Alfred P. Sloan School of Management, Massa-chusetts Institute of Techno-logy, Cambridge, Mass. 02139, U.S.) Spring.

Questions the usefulness of tradi-tional accounting data—par-ticularly of the ratio of total debt to total assets—in judging the risk of business failure: describes the theory and appli-cation of a model using new ratios, which is an adaptation of the "classic" model of gambler's ruin: while it will not precisely predict the pro-bability of failure, it is claimed reliable in discriminating be-tween high risk and low risk firms.



## Training for the underdeveloped world

BY C. HENNIKER-HEATON*

ADVANCED managerial and specialised vocational training is the greatest single constraint on the development of the emergent nations. This, at any rate, is the view of the International Centre for Advanced Technical and Vocational Training in Turin, which is backed to the tune of $5m. a year by the International Labour Office, the United Nations and the Italian Govern-ment.

The Centre operates as a high-grade training school, teaching at a level which could not be dupli-cated in countries dotted through-out the globe. Its primary task is to run three residential courses a year for "fellows" from all over the world. These courses usually begin with 12 to eight weeks at the Centre, followed by two-week-long group visits to plants in developed countries and a final two weeks back at the Centre.

The "fellows" are mature men who have already achieved some status in their own countries. They include technical special-ists, medium to senior level managers, training instructors, and sometimes trade union officials. The idea is that on their return they will be in a good position to disseminate the ideas they have picked up.

The Centre is staffed by 40 teachers drawn from 16 nations. One of the most important aspects of their job is to carry out research into training methods for developing countries and on practical employment-generating technologies. Teach-ing comes in English, French and Spanish.

Few British companies would benefit by sending a "fellow" to Turin, except perhaps one of their own men about to work overseas. British industry should, however, recognise the value of this form of aid. It could offer the Centre modern equipment, such as audio visual aids, or make specialist lecturers avail-able for defined periods. Above all, it could welcome visiting groups of fellows. This is perhaps the most useful form of aid and influence—to send their visitors back with an impression of the U.K. as a country leading the world in many technologies and also thinking in terms of world-wide industrial development to the advantage of all.

**Mr. Henniker-Heaton is U.K. employers' delegate to the International Labour Organisation.*

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# Mr. Heath to the rescue

The Prime Minister's decision to allow Conservative MPs a free vote at the close of the Common Market debate next week has had at least one of the effects which he doubtless calculated—it has thrown the Labour Party into greater confusion than ever. The Parliamentary Labour Party is split on the substantive issue of Market entry in roughly the proportions indicated by yesterday's 159-89 vote in favour of the Shadow Cabinet's recommendation that the Party should oppose entry on the terms negotiated. But there is no doubt that if Mr. Heath had not acted on Monday as he did, a considerable proportion of the minority—perhaps a half of them—would have succumbed to pressures and appeals for Party unity and voted against the Government when the division was finally called.

### The arithmetic

Now, however, as a result of the announcement from the Conservative side, as many as 111 members of the Parliamentary Labour Party have defied the recommendation of the Chief Whip and the example of Mr. Wilson himself and demanded that Labour, too, should be allowed its freedom on October 28. This minority was a mere 29 fewer than the majority in favour of sticking to the original plan for a three-line whip. The short meaning of this arithmetic is that one-third of Labour MPs are to some degree or other in favour of joining the EEC, and to these may be added another 20 or so who feel that Mr. Wilson and his anti-Market colleagues have carried their opposition to dangerous lengths.

In a situation so evenly balanced something is almost bound to "give." The "free vote" minority could scarcely hope to impose its will on the majority, however convenient or sensible this course might seem to the detached observer. On the other hand the disciplinarians have not been standing on very strong ground either. To the Left-wing and those individual members of the Shadow Cabinet who wish to destroy Mr. Jenkins and his allies, Mr. Heath's decision apparently alters nothing. It is, they maintain, a sign of weakness rather than of strength and one united shove could topple the Government. But unfortunately for them, this view now makes very little sense either strategically or tactically.

It is a moot constitutional point whether the Government would, in practice, be obliged to resign, even if the inconceivable should happen and it lost the main Market vote; for no administration under modern conditions can be asked to regard a free vote as a matter of confidence. Still more to the point is the fact that the Labour Chief Whip now knows that his authority would be undermined if he were to attempt to exert the usual pressures against a sizeable minority of his followers. All the logic of the situation points to a compromise which maintains the form of a three-line whip but which takes specific account of the position of those who feel bound in conscience to defy it.

### Not alluring

This is not, to be sure, a very comfortable position for the Party as a whole. In particular any compromise aggravates rather than cures the problem of Labour's attitude when the subsequent legislation on Market entry comes before Parliament next year. If large numbers of Labour MPs are permitted to vote for the principle on October 28 the political credibility, to say nothing of the logic, of trying to whip them into opposing the freely expressed desire of Parliament throughout most of 1972, does not look very alluring. On the other hand, the alternative prospect is not very alluring either—a party split from top to bottom, in an atmosphere of deepening bitterness and personal animosity, and with many of its ablest speakers driven from the front bench. Mr. Heath has made the Labour Party look very silly, but he may have saved it from a still worse fate.

# The China debate

THE United Nations debate on China, which began this week, will probably be one of the longest in the history of UN debates on this perennial subject. It is also almost impossible to guess its outcome. There is no doubt, of course, that a majority of U.N. members now want to see the People's Republic seated in the General Assembly and the Security Council: this was demonstrated last year when the so-called Albanian motion, calling for the admission of the Peking Government and the expulsion of the Chinese Nationalist delegation, for the first time obtained a narrow majority. But the Albanian motion was prevented from taking effect last year by an American tactical motion invoking the procedural rules of the UN, and the same thing may happen again this year, though Washington will be using a different tactic.

In 1970, and in all previous years when the issue came up for discussion, the U.S. blocked Peking's entry by moving that the issue of Chinese representation at the UN was an "important question" requiring a two-thirds majority for a decision. This year, while for the first time publicly advocating the admission of Peking, the U.S. is seeking to retain a seat for Taiwan by suggesting that any move to expel the Nationalists should be treated as an "important question."

### Importance of timing

The fate of the American strategy—and indeed the outcome of the entire debate—seems likely to depend on timing; for it is fairly obvious that if the UN decides to vote first on the Albanian motion proposing the expulsion of Taiwan the motion will be passed and the issue will be settled without more ado in favour of the People's Republic. In order to prevent such a thing happening Washington is bending all its energies to secure priority for its "important question" motion on the grounds that the motion is "procedural" and therefore automatically enjoys precedence over other "substantive" proposals.

The leverage which the U.S. can still bring to bear on some of the smaller UN members is great enough for it to have a reasonable chance of success in this campaign. If it does succeed there will be little hope for the rival Albanian motion which is highly unlikely to receive anything approaching a two-thirds majority. But Washington's success at the UN will not on any reckoning extend actually to seating both claimants to the Chinese seat in the General Assembly. The reason for this is that the People's Republic will simply refuse to take its seat so long as the Nationalists remain. China's opposition to dual representation at the UN has been repeatedly and emphatically expressed—most recently in response to Washington's proposals for a "two-Chinas" solution at this year's debate. There is no reason to think that this opposition is bogus, or that President Nixon is unaware of it.

### Loss of credibility

The fact that the U.S. is nevertheless persisting with its two China policy must be put down in the first place, to a reluctance to desert former protégés. If President Nixon had announced his support for the admission of Peking without at the same time attempting to protect the position of Taiwan he would have suffered a drastic loss of credibility with other Asian governments, including that of South Vietnam whose fate is of vital importance to Washington.

Rather than allow such a thing to happen President Nixon has chosen to pursue a patently unviable policy at the UN—and he is pursuing it with all the vigour which the U.S. has traditionally devoted to keeping China out of the world organisation. But both the President and his advisers must be aware that in the long run there is no alternative to the admission of China, and very little chance of saving anything for Taiwan. Without such an assumption it is unlikely that the U.S. would ever have embarked on its campaign for closer relations with China.

# The autumn wages queue: how the 'going rate' is coming down

**BY JOHN ELLIOTT, Labour Editor**

A YEAR ago the country was in the throes of a long strike by sewage and other local council workers and was about to be hit by industrial action from the miners and electricity supply workers. All three of these disputes stemmed from the new Government's determination to tackle the problem of spiralling inflation by clamping down on wage settlements in the public sector at the start of a period of progressive de-escalation.

At the time, settlements were broadly running within a 12 to 15 per cent. range in the public sector, with the private sector rising to 20 per cent. or more.

Now, a year later, as the annual wage round gets under way again the country is faced with the threat of a possible miners' strike; but the atmosphere of militancy over wages—especially in the public sector—which was evident some 12 months ago appears to have calmed down considerably and there is some optimism in Government that its de-escalation policy can be continued during the coming months with less industrial unrest.

## Reduced the 'going rate'

By the end of the last wages round this summer the Government had successfully reduced the "going rate" for public sector wage settlements to about 8 to 10 per cent. with private sector deals ranging higher but including, according to the CBI, many under 10 per cent.

Around mid-summer Government Ministers began to become concerned that it might be extremely difficult to reduce this figure any further because the cost of living was rising at around 10 per cent. and it seemed quite likely that union leaders would refuse to settle for anything significantly lower than this figure.

However there have now been one or two settlements below the 8 to 10 per cent. band which seem to indicate a target "going rate" of 6 to 7 per cent., or maybe even a little lower, during the coming months—even though yesterday's farm-workers' offer may have been a little higher than the Government would have preferred. If this could be achieved, and if company negotiators in the private sector followed the Government's lead, Ministers would be able to claim some considerable success for their wages strategy, at least as far as pace-making settlements are concerned.

But the reduction in key settlements over the past year has not been reflected as much as might have been expected in earnings figures. These have gone down from an annual rate of around 14 per cent. to under 10 per cent., but some of this is attributed to reductions in overtime working.

However, there can be no doubt that some of the reduction in earnings increases—from 6.6 per cent. in the final six months of last year to 4 per cent. in the first half of this year—is due to a slower pace of inflation. But any firm verdict will have to await the return of higher levels of overtime working so that a more accurate comparison can be made.

The public sector round traditionally starts with the Government's industrial workers. Two years ago these workers in dockyards and other Government establishments started the boom in wage rises which heralded the end of the Labour Government's various incomes policies with increases averaging 8½ per cent. Last year they got away with 15 to 17 per cent. just before the Government started operating its new strategy. This year they have given considerable encouragement to Government Ministers by settling for an average 8½ per cent. with the minimum of fuss.

The order of claimants in the queue varies from year to year. This time it is the miners who will provide the second significant test case. Last year, after unofficial strikes, they settled for rises averaging 12 per cent. and ranging up to 20 per cent.; now, having claimed 35 to 47 per cent., they have rejected 7 per cent. While the National Union of Mineworkers goes ahead with preliminary plans for an overtime ban from November 1 and for a ballot on whether miners will give the union's national executive authority to call strike action if it is thought necessary, a major confrontation seems somewhat unlikely. However this is not to say that there might not be strikes in some areas.

## No signs of militancy

But leaders of the NUM, in common with those in other unions, are well aware that the Government intends to stand firm on its wages strategy and that this makes the chances of industrial action achieving higher pay offers somewhat remote. It seems quite possible that there is a little more money in the National Coal Board's kitty but that it will not be offered until the Board is confident that it would lead to an immediate settlement.

The next key group of public sector employees, the local government manual workers, expect to receive the first reply to their claims soon. Like the miners, they have been involved in industrial action over their pay negotiations twice in the past two years, but this time have not yet shown any advance signs of militancy. Any deal agreed for these 770,000 workers is normally followed almost exactly by 250,000 hospital ancillary staff—both groups have just submitted similar claims.

This year, however the Government may try to make the hospital staffs the pace-makers by making a pay offer on Friday in advance of the local council workers. The hospital staffs are traditionally the less militant of the two and their negotiations are more directly influenced by the Government because a Department of Health representative sits with the management negotiators. There is no Ministry representative on the local council negotiations.

But if the Government does decide to adopt this approach on Friday, it may find that the union negotiators—broadly the same men are involved in both sets of talks—will resist its tactics because the current hospital deal does not expire till December, one month after the local councils'.

It was the local council negotiations which last year led to the now famous Scamp report's 15 per cent. award.

This year the unions have submitted a "sophisticated" claim with the help of Ruskin College, Oxford, which the TGWU and others are paying to draw up documents supporting various wage claims. Similar exercises have been conducted for the Ford and ICI negotiations. The claim is for a £2 a week basic pay increase together with other benefits amounting to a 12 per cent. basic demand. This is one of the more realistic claims being submitted by unions at this time (the miner's 35 to 47 per cent. and agricultural workers' 21 per cent. are clearly unrealistically high) and if this 12 per cent. was all that was involved, it would seem to be a not too difficult matter to negotiate a settlement.

But the claim also includes two other contentious demands. First, for the third year in succession, the unions are demanding 10 per cent. "lien bonuses" to be paid as a form of penalty by councils which have not introduced productivity bonus schemes. Secondly the unions want a "threshold" clause to cover future rises in the cost of living.

It seems likely that this claim will be answered with a wage offer in the region of 7 per cent. and that the bonus and threshold clause demands will not be met. The bonus demand stems from a 1967 report of the Prices and Incomes Board which criticised local councils for not implementing productivity schemes and said that they should be introduced over a period of five years. Since this five-year period does not expire till next year, it seems likely that the employers will once again refuse the 10 per cent. penalty bonus. But discussions might then start during the coming months on a form of "lead-in bonus" of the type already being paid to those electricity and water supply and atomic energy workers who agree to co-operate in productivity schemes.

The "threshold" clause idea is in line with general proposals put forward by the TUC and now being considered by the National Economic Development Council in its review of the country's medium-term economic future. The Government would probably, therefore, not want the local council employers to be appearing to pre-judge the NEDC discussions by an outright rejection of the demand, which envisages future increases of 20p a week for every 1 per cent. the cost of living rises above an annual rate of 3 per cent., monitored monthly.

This is, in fact, a more sophisticated form of the cost of living sliding-scale agreements which used to be common in many industries before the Labour Government's incomes policies, and seems likely to be regarded by the local councils as unacceptably expensive. In addition, this form of claim is also being submitted by other unions—including the building workers—and the local councils are unlikely to want to adopt what for them would be the unusual role of trail blazer.

Following this will be more claims in the public sector until attention switches to the private sector—some motor industry negotiations including Chrysler's £8-a-week claim and the massive £700m. national claim from the engineering workers. But first the building unions will continue to impress on their employers that they should have an interim rise before their current deal expires next June and that then their basic rate should be raised from £20 to £30 a week with the cost being met by elimination of ad hoc extras awarded on building sites.

Together with a reduction in the working week from 40 to 35 hours and other fringe benefits, this claim amounts to about 70 per cent. if it is not offset. However, to-day, the building unions will be told that there can be no interim rise. Later negotiations for a new deal next June seem unlikely to lead to a reduction in the working week while the basic will certainly not be raised to anywhere near £30.

## A calmer atmosphere

One of the Government's main targets during the coming months must be to establish that high rises, irrespective of the size of claims, are a thing of the past; this they must do before the engineering negotiations reach their climax—probably next Spring.

It is hoped that the CBI's price initiative and the Government's efforts to reflate the economy, coupled with fears of redundancy and a calmer atmosphere now the unions have become more used to life under a Conservative Government, will mean that the new season of wage negotiations is starting from a much better base than last year's.

The anger over the Industrial Relations Act has subsided, despite rows over issues like registration, and unions like the TGWU are showing themselves far less ready to start strikes at the first opportunity. The recent docks settlement at 6 per cent.—£2.25p a week in two stages showed unusual moderation for the dockers and an unusual willingness for high-paid workers not to press for the same level of percentage increases for those less well off.

With the progress that has been made over the past year, there is no sign that the Government has any intention of changing its wages strategy, although optimistic observers of the NEDC talks hope that these might produce some new agreed initiative between Government, industry and the unions next year.

### MAJOR CLAIMS AND SETTLEMENTS

| | CLAIM | OFFER OR SETTLEMENT |
|---|---|---|
| 21,000 Fleet Street printers | Varied | 7% accepted |
| 200,000 Government industrial workers | Substantial | 7 to 9½% accepted |
| 10,000 London dockers | 30% package | 6% (stevedores still to accept) |
| 13,500 atomic energy workers | Substantial | 7% offer rejected |
| 4,500 BBC manual | 10 to 12½% | 9% accepted |
| 280,000 miners | 35 to 47% | 7% rejected |
| 33,000 bakers | £2.50 to £3 a week | £1.75 to £2 a week rejected |
| 350,000 agricultural workers | 21% | 8.1 to 9.5% |
| 250,000 hospital ancillary staff | 12% on rates plus 10% "lien" bonus and "threshold clause" | No offer yet |
| 770,000 local government manual | 12% on rates plus 10% "lien" bonus and "threshold clause" | No offer yet |
| 120,000 electricity supply manual | Substantial | No offer yet |
| 47,000 dockers (nationally) | An increase on £20 weekly "fallback" guarantee | No offer yet |
| 400,000 engineering clerical | £2.70 a week | No offer yet |
| 165,000 clearing bank staff | 8% or more envisaged | No offer yet |
| 100,000 knitwear workers | £3 a week | No offer yet |
| 100,000 furniture workers | £3.20 a week | No offer yet |
| 200,000 busmen | 15% (by introduction of shift pay) | No offer yet |
| 60,000 airline workers | Substantial | No offer yet |
| 5,000 Chrysler Linwood employees | £8 a week | No offer yet |
| 2.5m. engineering manual | 40% package | No offer yet |
| 80,000 shipbuilding manual | 40% package | No offer yet |
| 300,000 railwaymen | Substantial | No offer yet |
| 800,000 building workers | 70% package | No offer yet |
| 50,000 seamen | Substantial | No offer yet |
| 40,000 Merchant Navy officers | 55% package | No offer yet |
| 400,000 teachers. | Substantial expected—possibly around 14% | No offer yet. |

# MEN AND MATTERS

### Ranker meets ranker at Cunard

When Trafalgar House took over Cunard in August, Mr. Victor Matthews, managing director of Trafalgar and the new chairman and chief executive of Cunard, said, "eventually I will find the right man, and I will fade out." The right man turns out to be Mr. Norman Thompson, 50, who himself only joined Cunard in early 1970, as managing director of the cargo side. Since then, he has been busy reorganising this part of Cunard, taking a fresh look at matters like deployment of ships and future investment plans. This may have been the less glamorous side—the passenger liners like the QE2 came under someone else—but with 70 other ships under him, Thompson has contributed a major chunk of the income. He now becomes managing director of the whole of Cunard.

Thompson joined from Swan Hunter, where he was general manager of Malta Dry Docks, overseas director, and then deputy managing director—the latter for a brief year before leaving for Cunard. Having qualified as an accountant, Thompson has moved jobs fairly often—Paton Baldwin, Cowan Sheldon, Richardson Westgarth, David Brown, then Swan Hunter and Cunard. Thompson has the reputation of being a good commercial operator, and his promotion inside Cunard has been rumoured for some weeks. That Matthews will retain the strategic "thinking" function for Cunard, is shown by the departure from the Cunard Board, in the same reshuffle, of Mr. John Hearth, the planning director.

Apart from his work on the cargo side, Thompson may have had one other attribute that appealed to Matthews—both men were at sea during the war, in the "other ranks." Matthews was an able seaman, and Thompson was a deck hand radio operator, qualifying as an accountant after the war. Matthews makes little secret of being proud of his beginnings, and may have seen a fellow-spirit in Thompson.

Certainly, it bears out Matthews' remark yesterday about the Cunard reshuffle—"The people who are leaving are not basically shipping men," while those who remain, are. Thompson, former seaman, gets promotion, while among the leavers are men like Hearth, former civil servant and former editor of Fairplay shipping magazine, and Dr. Kenneth Bergin, pilot and former chief medical officer and director of personnel and medical services at BOAC—where Sir Basil Smallpeice, Cunard's chairman until the take-over, also originated.

### The Earls Court aviary

If motor manufacturers are going to run strip shows, they should learn to do them properly. The one staged at the Earls Court Motor Show yesterday by TVR Engineering, whose other activity is making sports cars in Blackpool, was dreadful. It started late, and finished early. In the brief space between, I was struck into (as they say in horse racing) by several photographers working with all the ardour of men who know their efforts won't be published. Most of them seemed to be representing German technical magazines.

I don't know when the first British newspaper will publish pictures of a full frontal nude on a motor car. But Lamborghini, which two motor shows ago pioneered the topless bird in the boot, has given up that sort of thing. Instead, with the heavy humour of the trade, its stand was adorned with three real birds—flamingoes—in a pool.

The birds do not represent any ornithological conversion to wildlife on the part of Lamborghini. Its man explained: "If your businessman from Hull wants to spend £10,000 on a car, then he can buy a Ferrari or Maserati, and people will take him seriously. If he bought a Lamborghini, they'd all laugh at him and say 'That's because he saw all those bosoms on it at the Motor Show'." Such are the mysteries of modern marketing.

### Back to Babycham

Mr. Keith Showering was keen to dispel any impression yesterday that his new job at Allied Breweries, as chief executive of Showerings, Vine Products and Whiteways, represented a "ganging up" of the Showerings family in this division of Allied. The chairman of the division is Mr. Francis Showering, inventor of Babycham, Keith's uncle, and the youngest of the older generation of the family. Another uncle, Mr. Ralph Showering, is also on the Board, and Keith's father, Mr. Herbert Showering, is a consultant who still works, according to his son, "harder than ever."

But the musical chairs in the Allied boardroom, necessitated by Mr. Thomas Boardman relinquishing his position as finance director and nothing directly to do with the bid for Trust Houses Forte, does mean significant changes. Boardman, MP for Leicester South West, is giving up the finance job because of heavy parliamentary duties. So Mr. Derrick Holden-Brown gets Boardman's job; Mr. Anthony Mason takes Keith Showering's old job in charge of Allied International Breweries; and, to complete the circle, Showering takes Holden-Brown's old job at Showerings, Vine Products and Whiteways.

At Showerings, Holden-Brown had been the only senior man from the old Allied team in the Showering camp. Now he is leaving Showerings, and much else, to the Showerings again.

The Showerings also have their old merchant bank, Rothschilds, handling the THF bid for Allied, who had previously been with Barings. In fact Barings has, for the moment, parted with three of its major brewery clients. In the battle for Truman, Watney was advised by Guinness Mahon and Whitbread by Kleinwort Benson.

### Shot, sir

A friend just returned from Canada assures me that the old Tom Lehrer jingle about the hunter who shot "two game wardens . . . and a pure-bred Guernsey cow" (if I recall it correctly) is no joke. He went out on a hunting party, and actually saw cows with the word "COW" written on them in huge white letters to deter over-zealous marksmen who couldn't tell a cow from a moose.

**Observer**

# THE MOTOR INDUSTRY

A Financial Times Survey to coincide with to-day's opening of the Motor Show at Earls Court, London. The Show continues until October 30.

## New confidence evident among major firms

By JAMES ENSOR, Motor Industry Correspondent

The motor industry leaders will be facing to-day's Motor Show in a happier frame of mind than for many years past. True there are no new models of any consequence from the British industry—though several importers will be showing models to the British public for the first time—but the car market is huoyant and production is rising. There are still black spots in the industry's labour relations record, notably at Lucas and Triumph. Many of the commercial vebicle plants and some of the component factoriea are still working short time, but the major car plants are all working at close to capacity.

William Batty, Ford'a managing director, expressed what most of the car industry executives think in a letter to Ford dealers last week. He said: "We are going into this motor show with a great deal of confidence in the future." Ford production in September reached 47,500 vehicles, the highest rate for over a year as the company strove to rebuild its stock position which has remained low ever since the spring strike. Ford took almost 53,000 orders, worth £55m. at retail prices, from its British dealers.

That, as Mr. Batty proudly explained, was more than twice as high as the Ford sales in any month of this year. It shows that Ford dealers are optimistic that next spring will he a period of hoom and they are preparing to huild up their stocks over the winter to meet it.

Since Ford's market share in August was down again to 15 per cent., as sales of its British and foreign rivals soared in the freak market, Mr. Batty's claim that Ford will soon be back to its traditional 25 per cent. of the British market is a bold one. He added that he expects the Cortina to hecome the best-selling car on the British market in the last quarter of the year, with the Escort moving back into third place.

Mr. Batty's optimism is fully matched by Mr. Filmer Paradise, the ebullient sales director of Austin Morris. Mr. Paradise feels that the British market has undergone an important change during 1971, as the Government has, at last, abandoned its discriminatory tax policies against cars. The advent of a Value Added Tax in 1973—even though the rate on cars will presumably be the highest one—should lessen further the degree of discrimination which successive governments have shown against cars. One Labour Minister even argued that the car market should be artificially depressed through tax policies hecause the British road system could not cope with a more rapid growth in traffic.

### Home market

Snch policies, it would seem, are now a matter of history. The Conservative administration has appreciated the wisdom of the view that Britain's beleaguered car makers can only hope to compete effectively inside the Common Market if they are given a prosperous home market on which to base their export efforts. Mr. Paradise and Mr. Batty seem agreed that the conditions are now right for this.

Mr. Paradise sees a period of sustained and ready growth in the British market at ahout the rate of 5 to 10 per cent. per year. Mr. Batty reports that Ford's forecasters expect the market to reach 1.32m. cars next year and that it will exceed its 1964 peak of 1.2m. during the current year.

They disagree, naturally enough, about which cars will lead the market. Mr. Paradise is confident enough to predict that British Leyland will continue to retain the 40 per cent. market share which it has beld throughout 1971 against a resurgent Ford and rising imports. He even expects the Marina and the 1100/1300 to donble np as the two most popnlar cars in the market with the Cortina pushed into third or even fourth place.

Time will show soon enough who is right, but both company'a most optimistic assumptions may be dashed by the steadily rising trend of imports. In August, the importera sold 31,000 cars despite the fact that the Volkswagen Beetle—which is easily the best-selling import—and several Fiat and Renault models were in short supply.

Some people had thought that the importers had been scoring this summer off the problems of Ford's and to a lesser extent Leyland's inahility to supply enough of the right cars to their dealers. But by August, Leyland at least had a clear supply of most of the popular Austin-Morris models and Vauxhall and Chrysler were in a position to take advantage of the shortage of Fords.

Nobody can now seriously maintain that people only buy a foreign car because their favourite British model has too long a waiting list. Renault has long lists of people waiting for its newer models such as the 12. Its own strike in June which prevented the production of 60,000 cars has given it just as many headaches in supplying export markets as the British have faced.

### More insoluble

Fiat, which has had to contend with continued rumblings of discontent from its Turin workers, has lost a larger proportion of planned production this year than any British company save Ford. Its lahour problems are certainly more insoluble than the British and have been a continued sap on its strength to enlarge its share of export markets.

Even Volkswagen, which sold over 5,000 cars in August, claims that it was hampered by supply difficulties. The company diverted production throughout the summer to the U.S. market, in anticipation of the East Coast dock strike. As a result, Volkswagen U.K. received 10,000 fewer Beetles than its managing director Mr. Alan Dix thinks it could have sold.

The current market share, taken by imports, of 22 per cent. seems unlikely to be reduced by the efforts of the British manufacturers. It is the same as the share of foreign makes in France, which has the lowest imported sector of any of the Common Market car producing countries. In Germany, the level has recently risen above 25 per cent., while in Italy it soared to 30 per cent. with Fiat unable to meet demand.

Most experts think that imports will eventually capture at least a third of the market in each of the Common Market car-producing countries. The only limitation on their growth is that their dealer networks are invariably less extensive than those of domestic manufacturers and hence their service, particularly in rurel areas, is generally poorer than the local makes.

This is particularly true in Britain, which was not attacked by the major Continental manufacturers in any serious way uotil they had established strong organisations in the Common Market countries. Only Volkswagen has a network which in some areas can match the smaller British manufacturers—though Opel and Simca have been able to take advantage of the established networks built up by Vauxhall and Hillman.

Apart from the luxury imports like Mercedes, BMW and Alfa Romeo, most foreign cars are now sold at a price which takes no account of import duty. The largest importers, Renault, Fiat, Volkswagen, Simca and Opel, appreciate that to sell cars in Britain in any quantity they must match the prices set by the British market leaders. Largely, they have done this, though in recent months the prices of German cars have been forced upwards by successive currency re-alignments at a more rapid rate than the British makes.

There is, therefore, no price disincentive and only a vague discouragement in the sense of more widely separated service points and—often—higher spare parts cost against owning a foreign car. For this reason, I think that many of the general pnblic and the Press commentators who have seen approaching doom for the British motor industry in the growing import figures are wrong. Growing imports and exports after all is the rationale of the Common Market—so we should be less concerned with the penetration of foreign cars in Britain than in the success or failnre of British cars in France, Italy and Germany.

A closer look at the import position shows that over half of the cars sold are of the class of the Fiat 850, Renault 4 and Volkswagen. These compete in a performance and price class where the only British contenders are the Mini—still enormously popular but not a car that suits everyone—and the Imp. Ford and Vauxhall have effectively abandoned the under £850 market except for their standard fleet models, leaving the field clear for the Mini and imports.

### Bound to score

The imports also score in the £1,200 to £2,000 bracket where a number of high performance models such as the Fiat 125S, Renault 16TS, Audi and BMW 1600 have as yet no British equivalents. Another strong area is the over £2,500 market where Mercedes and BMW have exploited the gap between Jaguar and Jensen.

Obviously no manufacturer can supply every type of car—the German industry has just as many serious gaps—so that imports are hound to score. Importers such as Volvo, Renault (with the 12) and Volkswagen (with the 1600 Fastback) are beginning to make substantial inroads into the strongholds of the British industry, selling directly against the Rover or Cortina.

Unfortunately British car exports to the Common Market are not rising as well. British Leyland will register a 25 per cent. increase, this year, but in the important French market this will merely take it back to its 1968 level. Ford has pulled its British company out of France and Italy, the two best export markets, and switched the supply to its Belgian and German plants. For similar reasons of corporate policy, neither Vauxhall nor Chrysler have made much impact on the Six—though their European sister companies are selling strongly in Britain.

Britain's Common Market entry may persuade Ford, GM, and Chrysler to sell British cars in the major Continental markets in quantity. If it does, they should soon counterbalance the growing car imports—and incidentally the balance of payments effect of growing car exports would easily outweigh the costs of the common agricultural policy. But their decision will also hang on the labour situation in Britain.

**The Rover 3500S, a manual version of the popular Rover V8, is the most striking new car at the Motor Show which is practically devoid of really new British models.**

THE MOTOR INDUSTRY II

# Difficult year for big European firms

By JAMES ENSOR

Throughout Europe, economic growth bas been slowing down during 1971. The German economy has slowed down under a tough monetary policy designed to combat inflation and this bas exerted a powerful influence on the neighbouring economies. Only France has continued to show a rapid rate of growth, and even this has been slower than in 1970.

Economic stagnation combined with rapidly rising prices has been the rula in most of the European economies. In Italy and Britain, and intermittently in France, it has been accompanied by industrial disputes which bave disrupted production, particularly in the motor industry.

It bas been a difficult year, therefore, for all the major European motor manufacturers. In Germany, every manufacturer reported significant reductions in profit as wages rose while output stagnated. In Italy, Fiat was brougbt down to unpalatably low profitability by the long succession of strikes and disputes which bave reduced its outpnt. In Britain, the four volume producers in the car industry have been fighting hard to break even during most of 1971. Austin-Morris and Chrysler U.K. should just be able to complete the year in profit, though it is unlikely that Ford will be able to overcome the losses caused by its disastrous strike.

## Price control

The French manufacturers have been beset by an additional problem. The French government bas applied a strict price control on the domestic market in an effort to combat the inflation following devaluation. This bas made it hard for the companies to recover their costs as materials and labour expenses have continued to rise sharply. To some extent they hava been abla to offset the losses at home with an export drive—Renault and Peugeot have been conspicuously successful in Germany. But profitability has still fallen to a dangerously low level.

Pierre Dreyfus, Renault's president-directeur general, spoke of this great problem which is affecting every car producer to a greater or lesser extant, at the recent Paris Auto Salon. The Frencb industry be pointed out bas now been subjected to four years of continuous price control. In the past two years, sales prices of French cars on the bome market have risen by a mere 11 per cent.

Renault is now spending £100m. a year on building new plant and on extending its model range, notably with its attractive new 15 and 17 models. To finance this enormous rate of investment—for a company with an annual turnover of less than £1,000m. it needs to regain its freedom of price increase which the government has withdrawn from it.

Renault has for several years been a marginally profitable company. As a State-owned car company there was little incentive to make profits on tha scale of the American companies in Europa, and Dreyfus preferred to distribnte the profits to workers as bonuses or to use them to finance the penetration of new export markets. But this year a bitter strike in May, which cost Renanlt the output of 60,000 cars, coupled with the severe price restraint is likely to pusb Renault into losses.

Volkswagen, which has been one of the most profitable of the European-owned companies thanks to its low production costs and the buoyancy of the German market, has also run into profitability problems. There must be doubts about whether it can earn a substantial profit this year, now that the American import surcharge bas reduced the profitability of its huge American business to rock-bottom levels. In Europe, Volkswagen has been under pressure for some years and bas been losing market share almost everywhere except in Britain and France. If the German market falters next year, as some expect, Volkswagen may find for the first time since 1966 that it bas more production capacity than sales demand.

The situation in Europe now is such that only a few companies which have specialised in the luxury car business or have a strong truck base are earning the kind of profits that will be needed to sustain the expansion which they must undertake to remain competitive. Peugeot and Mercedes-Benz, which are the largest luxury car producers in France and Germany, are the only two companies which can be said to be earning an adequste return. Volvo, which bas been buoyed up by sales of luxury cars and trucks, was earning good profits in 1969, but rapid cost inflation io Sweden has eroded its strong position. BMW has also fallen from a high profits plateau as Mercedes-Benz bas responded to its challenge in the luxury six-cylinder car market in Germany.

Among the Amarican plants in Europe, only Opel and Ford's German plants are still earning good profits. Ford has had a remarkable run of success, recovering from a very weak position through introducing the largely British-designed Escort and Caprl to its German plants. German Ford has been allocated the Italian and French markets, whare the competitively priced Escort and the stylish Capri have been great successes.

## Export surge

Ford now bolds 5 per cent. of the French market and 6 per cent. of the Italian. In each case it is the market leader, and bas risen rapidly from a relatively weak position. This export surge with a slight strengthening of its market share in Germany has been sufficient to keep Ford of Germany reasonably profitable.

Opel has also managed to maintain its position in the German market, though it bas suffered some severe losses in France by introducing a range of new models at a very rapid rate. The new Opel Ascoma saloon and Manta sports coupe which are based on the same engine and components are the best designed cars to emerge from a General Motors European company. They have the compact size and good roadholding which European manufacturers such as Fiat, Renault and Leyland have espoused but which the American companies had previously ignored. Their success, in contrast to the relatively poor showing of Ford's latest Cortina wbich is much more American in size and style, showa that perhaps the American companies do best when they copy European design precepts.

Despita these patcbes of profitability, the general state of the European car industry is worse than it has been for many year. The Common Market has forced every manufacturer to invade somebody else's bome market and the net effect has been to erode tha high profit margins which companies used to rely on in their domestic market. Fiat, for instance, can no longer afford to set high price levels in Italy now that cheaper imports have forced it down to a 60 per cent. market share and the importers bold 30 per cent. of the Italian market.

Many people must wonder, like Dreyfus, Lord Stokes and Herr Rudolf Leiding, the new chief executive at Volkswagen, wbera all the money to pay for the new models snd new plants tbey have planned is going to come from.

Clearly some of the weakest European motor mannfacturers may bave to look for further support from larger companies or even from Governments to ensure their survival in tha intensely competitive European market. It would seem to be only a matter of time before Citroen, which is making beavy losses, is fully absorbed into the Fiat orgainsation. The declining profitability of BMW has again raised rumours in Germany of a future link with Volkswagen—though VW is no longer in such good shape to lend support.

## Most efficient

The most efficient of the volume producers seem secure and so do the smaller companies—such as BMW or Volvo—which have specialised in the more profitable luxury cars. But the position of small companies which have concentrated on volume cars—and in a European context this means Citroen, Chrysler, Saab, DAF and perhaps even Vauxhall so long as it operates independently of Opel—does not seem so happy.

# Seeking its own answer to labour problems

By MICHAEL HAND, Labour Correspondent

Much of the pressure in recent years for tha type of legislation that bas now been introduced under the Industrial Relations Act was a direct result of the motor indnstry's intractable strike problem.

But even as the last Government was fighting its losing battle with the unions to erect a new framework of law in industry, and as tha present Administration was pushing its own Bill through Parliament in the teeth of union and Labour opposition, tha motor industry was slowly and often painfully trying to work out its own solutions.

This process will continue, and managements certainly do not expect now the legislation has reached the statute book that it will transform the situation overnight; nor would its architect Mr. Robert Carr claim any such intention for it. In line with his thinking on tha subject, most employers welcome the new Act more as a stimulus to voluntary action than as a life-saver for the industry. The industrial relations men are also anxious to see the dust settle on the present bitter controversy over the Act and are unlikely to take any precipitate action to hinder the bealing process.

Many of them would probably agree with Mr. Pat Lowry, British Leyland's indnstrial relations director, wbo recently warned companies against falling into the trap of believing that the Act would do the job of reforming lahour relations for them, and said any that had frequeot recourse to the process of law would find its industrial relations soured rather than improved. His own company bas launched a big training programma for managers about the Act, its implications for BLMC and what it will be able to do and, equally important, not do.

Meanwhile, there are signs that the industry'a own voluntary peace-keeping efforts are beginning to pay off; perhaps with the present general economic climate also baving an effect. Apart from the traumatic Ford strike earlier this year, and some other special problems largely outside the control of the manufacturing firms, there seems to be grounds for optimism ahout the future.

Despite some stubborn problems at present, British Leyland has seen a drop recently in the amount of time lost through strikes. It is also continuing to loosen the bold of what it now regards as the inflationary and troublesome piecework system in its factories, with encouraging results so far. There is still some stiff, but by no means universal, opposition to be surmounted; but many union members undoubtedly welcome the security offered by the changeover to a bigh fixed-rate system of pay (giving many a basic wage of more than £2,000 a year) and improved lay-off provisions.

## Acceptable terms

Given acceptable terms, stewards in some parts of the Corporation at least now seem tacitly to accept the new payment system, which has belped to put the strike-prone Austin Morris division back on its feet and which, despita some great hostility from the unions, the company still bopes will do the same for the currently ailing Triumpb sector.

So far BLMC has been able to make the transition to a more stable payment system without the kind of disastrous strike which overtook the Ford pay negotiations this year over the unions' now familiar demand for parity across-the-board with the sort of higb pay rates that British Leyland is now paying in some areas.

They failed again to get all they wanted, but secured enough at both Ford, and at Vauxhall in a similar agreement, to make the Government fear for the success of its efforts to bring down the level of pay settlements. While Ministers approved of tha style of these two agreements, which were designed to give both companies a lengthy and sorely needed period of stability, they regarded increases of around 30 per cent. over two years as an expensive way of buying peace. One aspect which particularly worried them was that the three-stage deals perpetuated high pay increases in 1972, by which time the Government bopes to see the general level mnch lower.

In the Ford deal, the unions made a pledge—which both sides are confident will be honoured—not to strike in support of pay demands during the life of the two-year agreement. Union officials are now giving credit to the company for the efforts it is making to help

Continued on next page.

# Successful U.S. firms in Europe have a common approach

By DAVID SCOTT, European Editor, Automotive Industries

American-owned motor firms in Britain, Ford, Chrysler and General Motors, account for some 60 per cent. of the industry's vehicle production, and about 48 per cent. of new registrations of U.K.-built cars. Among imports, now 20 per cent. of total registrations, one-eighth are from French and German subsidiaries of the parent international companies. Such market penetration by the three giant U.S. corporations, repeated throughout Europe, is the result of successful transplanting and adaptation of American engineering and organisational know-how, plus vast financial resources and the economics of size.

While policies and strategiea vary to some degree, the big three have much in common in their approach to overseas operations. All exercise firm financial control over their European subsidiaries and place American citizens in many key posts. But, wisely, they do not impose scaled-down American styling or hard-sell marketing techniques on them, giving local management a pretty free hand in gauging the tastes and susceptibilities of European customers.

When it comes to production costs and profits, particularly in the critical area of engineering designs, U.S. concepts predominate. All the latest cars from these stables have a conventional chsssis layout, with a front engine and rear live axle. The only exceptions in current production are models from Cbrysler, which entered the field only recently: the Rootes-era Hillman Imp and its derivatives, and Simca's front-drive and rear-engined cars, originating during its Fiat-linked period. Following the American example, British Leyland reverted to orthodoxy in the Morris Marina, which it sees as a bread-and-butter winner because of reduced manufacturing costs, lower warrant claims and ease of servicing.

Where the American companies do differ is in their philosophies of international organisation, though it is difficult to evaluate their relative successes since they appear to be more effective in some countries than in others. Of the three, Ford has by far the tightest European integration, with close co-operation in all spberes between the British and German companies. While there are separate design and engineering centres at Dunton and Merkenich, near Cologne, their activities are co-ordinated and there is a regular interchange of personnel between them.

## Common range

The two companies have virtually a common range of cars, and Dagenhsm supplies Cologne with a considerable number of components. For example, the German Escort, assembled at Saarlouis, has British-built engines, radiator, steering arms, wheol bubs, some electrical items and 150-odd body stampings. Capris sold in the United States, now Ford's main export in North America, are German-made hybrids with British engines and gearboxes.

These major contributions to German Ford's ontpnt are not reflected in the British company's production figures, nor in its vehicle-per-employee productivity or export statistics. Because of Cologne's smaller engineering capacity there is little traffic in components in the other direction. Both companies supply engines for the American Pinto, with Britain accounting for the lion's share in a three-to-one ratio.

One jointly operated facility is the new £4m. proving ground on a 799-acre site at Lommel, Belgium, located midway between the British and German engineering centres. This track, the most advanced of its type in Europe, is in regular use to test prototypes of the two companies. Another combined undertaking will he an automatic transmission plant at Bordeaux, to be commissioned in 1973.

## Few gaps

There is an ad boc division of export markets, as it is not regarded as economic sense to compete with near-identical models. Consequently British cars are not generally sold in Germany and vice versa, since prices would be inflated by import duty, and in any case there are few gaps in each model range that the other could fill. An important compensation for British Ford are indirect exports—the sale of its components to and out of Cologne and its satellite plants.

The activities of Ford's 14 manufacturing centres in six European countries are co-ordinated by Ford of Europe, created in 1967 at Warley, Essex. Responsible to Detroit, this multinational staff organisation is concerned with long-term planning for the entire European theatre of operations, and gives specialist support to the individual companies in the fields of finance, sales, product development, manufacturing and personnel.

Chrysler came into Europe in earnest only a few years ago, and so far appears to be adopting the Ford method in running its overseas business, though with some significant differences. The headquarters of Chrysler International were set np in Geneva in 1958, bnt it was not until the acqnisition of majority control of Simca in 1963 and of Rootes and Barreiros in 1967 that the corporation gradnally became an active member of the European motor industry. Since then it has established all-European administrative and marketing centres in London, concentrated product planning in Whitley, Coventry, and moved rapidly towards fully integrating its operations in France, Britain snd Spain.

The Rootes group was overhauled from top to bottom to give this ailing independent firm world-league status. Capital totalling £60m. was injected into it, principally to modernise the Ryton assembly plant, build a new engine plant at Stoke and expand the Linwood complex. First fruit of this revitalising programme was the Hillman Avenger, a highly successful model wbich did much to boost the sagging fortunes of Chryaler U.K., and to account for its 48 per cent. prodnction increase and 60 per cent. rise in exports in the first eight months of 1971. The Avenger is sold as the Plymouth Cricket in the U.S., wbere shipments reacbed a remarkable 40,000 in its first year.

Ford's testing ground at Lommel, Belgium, which is sited midway between the factories of their British and German companies and is used by both to test prototypes.

The Chrysler 180 is a prime example of integration. Designed in Britain by the team responsible for the Avenger, it is manufactured by Chrysler France, which handles bome and export sales, then imported into this country by the U.K. company to top out its model range. Chrysler believes more strongly than Ford in inter-company competition, and the British division is now bringing in the smaller Simcas as well as the 180 in increasing numbers. British registrations of these French models more than trebled in the past year, and now make up one in every ten imports. There are no comparable sales of Hillmans in France, although the company there manages the export of British-made cars to other European countries through its existing dealer networks.

Also unlike Ford, at least for the present, Chrysler has no jointly manufactured car such as the Escort or Capri. Its British and French models share no common components, and there is no supply of assemhlies or parts across the Channel. Such co-operation in the future is not to be ruled out, however.

## Such extremes

General Motors' activities in Europe are governed hy its long-standing American policy of complete inter-company independence short of autonomy. In the U.S. self-containment and rivalry are carried to such extremes as Pontiac and Oldsmobile producing individual V-8 engines of identical cubic displacement and performance but differing in design. Here the only co-ordinating links between Vauxhall and Opel are via GM in Detroit and New York.

Each subsidiary has its own research, styling, planning, engineering, production and marketing departments that are concerned solely with their own products. Engineers of one company may visit the factories of the other on a friendly basis, and are generally familiar with the other's designs and perbsps manufacturing techniques, and might even seek fraternal help with some engineering problem. But co-operation rarely goes beyond that level.

Evidence of this can be found in the model ranges of Vauxhall and Opel, which closely parallel each other but bave no common parts other than those possibly purchased from the same outside supplier. Their respective market researchers came up with very similar answers to what the motoring public will buy, but reached their conclusions and put their designs into being quite independently. The only supervision comes from Detroit, where the central styling department passea judgment on a full-scale mock-up hefore a new model enters production.

One exception to this inter-company "apartheid," bnt in keeping with GM practice in tbe U.S., is the automatic transmission plant in Strasbourg that opened in 1968. Technically an Opel subsidiary, this £38m. factory has a capacity of 300,000 transmissions a year, which are available to all motor manufacturera as well as to Opel and Vauxhall, who in theory are under no compulsion to use them rather than some rival make should these be a hetter buy.

Basic economics and not a planned division of markets determine whose cars are sold where. Outside the bome territory, each manufacturer exports to a GM subsidiary abroad, and it is entirely the latter's option as to whether specific models would stand up against local competition and he profitable.

Thus, although Vauxhalls are not sold in Germany, GM Ltd. in London (an indepeodent Britisb entity) decided two years ago that Opels would sell io this country. It was proved right, and sales so far this year bave climbed to an annual rate of 9,500 cars, over four times the comparable 1970 figure. It is this type of business acumen that bas made General Motors the world's largest corporation, despite policies of organisation that superficially appear to foster unwarranted duplication of effort.

# Labour—(Cont'd)

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rebuild relationships following the strike—a particularly knotty problem on Merseyside where there continued to be serious disciplinary troubles for a while after the maio stoppage cnded.

Vauxhall counts itself fnrtunate that it managed to negotiate its new two-year deal with the unions without a strike. This deal, too, had clauses designed to improve productivity, stabilise wage costs and secure nointerrupted production by observance of procodure. This was not sn innovation and it is not clear whether a big fall in the time lost through disputes at Vauxhall over the past six months, compared with the same period last year, can be attributed to the new deal.

Chrysler too has had a relatively good year, having negotiated a new set of pay and productivity deals without any major upheaval. Many of its workers are now on a basic wage of more than £2,000 a year, but much of the attention paid to Chrysler by unions in other companies when pursuing parity claims bas now been transferred to the new high fixed rates negotiated in parts of British Leyland, such as Cowley. Chrysler, like other companics, has also been improving its lay-off pay provisions and other fringe benefits, and in return has secured union co-operation in improving efficiency.

But although not directly involved Chrysler haa been hit badly by the continuing disruptive one-day-a-week strikes by Coventry toolroom workers, srising from another attempt by employers to rationalise wages in engineering and car firms. In this case they want to get rid of what they see as the inflationary Coventry toolroom agreement, a move which is being bitterly resisted by the engineering union which sees considerable beoefits in retaining it.

## Pay settlement

Much of the disturbance in the motor industry in 1970 was caused by a "wages explosion" in the components sector wbich has been attributed to the Ford pay settlement of that year. This year as a defensive measure the companies involved set up an "early warning" system under wbich information about what was happening to pay in their part of the industry was collated centrally by the Engineering Employers Federation. It is a measure of the comparative peace which hss reigned on this front this year that they are now considering abandoning this new system.

The component companies are also very much affected by the continuing failure of the Federation and the nnions to sort out their differences over drawing up a more streamlined procedure for settling labour disputes in engineering.

Despite continuing hopes of a peaceful solution, the stage bas been reacbed in wbicb the unions have now given notice to abandon the present national srrangements and to try to reacb agreement on their own terms with iodividual companies. This directly concerns a large number of component companies but the only one of the big four car manufacturers involved is Britisb Leyland (the others are outside the Federation and have their own procedural arrangements). Becsuse of the vulnerability of its production when there are strikes by small groups, BLMC would certainly be anxious—but only within the ambit of the EEF—to make some alternative provisions for contiouing the dialogue with the unions in the event of plant negotiations breaking down.

At present the biggest shadow over the federated section of the industry is the nndoubtedly tough negotiations whicb are about to start on the mammoth pay claim recently lodged by the engineering unions—the repercossions of which will be felt far beyond the engineering and car plants.

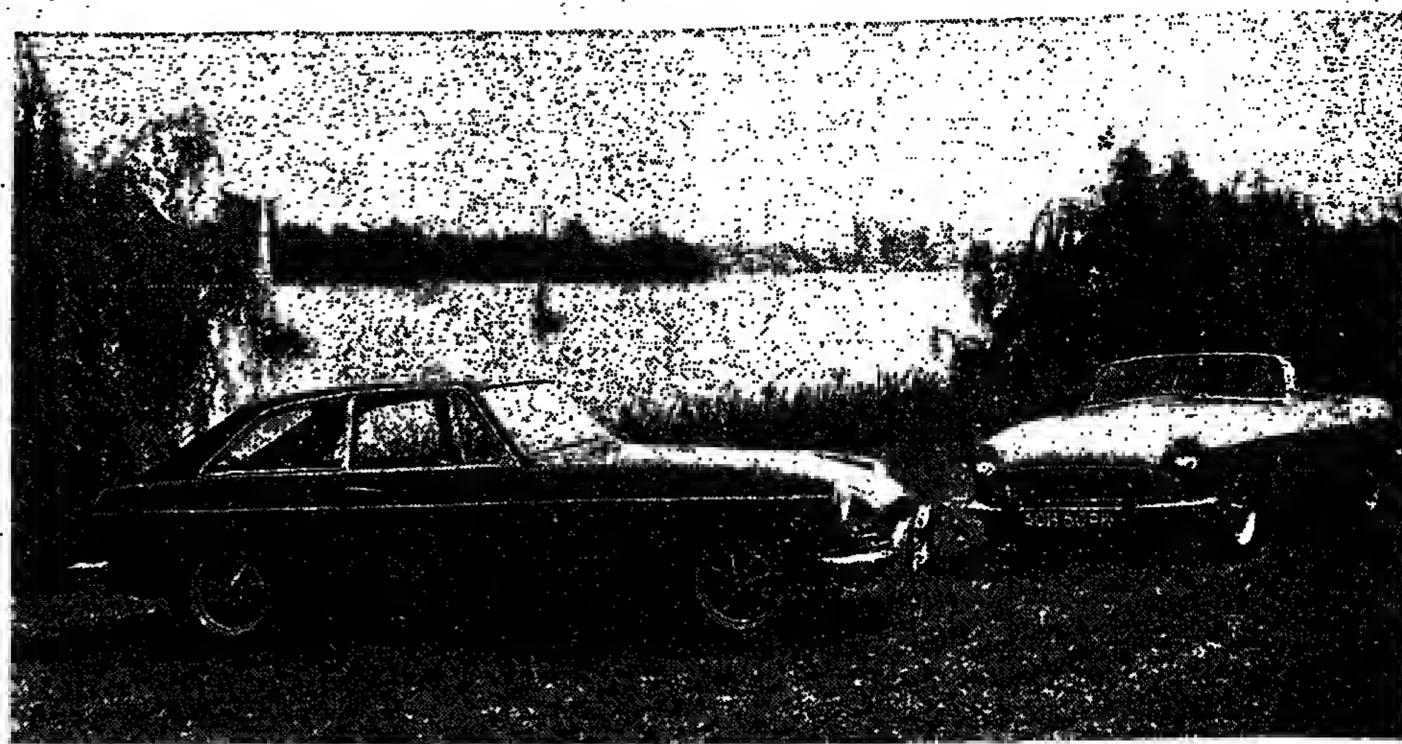
THE MOTOR INDUSTRY IV

# British prospects better than many imagine

By JAMES ENSOR

The City still holds reservations about the future of British Leyland—indeed, perhaps about the future of the whole British sector of the motor industry. The company's share price has recovered substantially from the very low point which it reached during 1971, but it still stands at less than half the post-merger peak. Many of the investment managers of the large institutions still remain profoundly dubious about the company's prospects, despite tha auspicious signs of its bigh market share, the success of the Marina and the fact that it has made some progress in tackling the labour prohlems.

There is in short a credibility gap between the hopes and plans of the Leyland management, which are in some cases beginning to he realised, and the views which the City's fund managers hold of the company's performance. This is despite an effective public relations campaign to convey the company's ambitions and achievements to the general public. Since tha doubt extends, in some form, to many of the component manufacturers, to Lotus, to the David Brown Corporation, and even to sectors of the motor trade specialising in British cars, it is worth examining its roots.



The MGB and MGB GT remain the basis of British Leyland's export drive of the U.S. Sales have dropped slightly this year bnt the company should be affected less by the U.S. surcharge and the devaluation of the dollar against other countries than its German and Japanese rivals.

The City seems to be hothered by three factors, which to some extent it feels applies to every comnany connected with the British motor industry. First, it is worried by the rise in imports which in some quarters is taken as proof that British car design is not competitive with the Continent. Secondly, it is concerned about the labour relations record of the British motor industry which it feels saps the vitality of the industry, delays its important new models and probably reduces the quality of the product. Thirdly, it feels that the industry has heen investing less than its rivals in Europe, who consequently achieve higher productivity, launch more new models and hecause of their more modern plants are able to achieve higher quality standards.

## Danger stocks

While there is clearly some truth in each of these charges, I feel that they have heen overplayed and the fears are largely unjustified. Certainly, the British lahour record is poor; companies such as Dunlop, Lucas, British Leyland and GKN have had their potential profits substantially reduced in many of the last several years. Among the component manufacturers this has sometimes led to the loss of foreign business or of a part of the business of one of their domestic customers as he tries to protect himself against strikes. Volvo, for instance, is one of the most important Continental users of parts from British factories, buying almost as much from the U.K. as from Germany. The company now deliberately maintains danger stocks of British parts at a bigher level than its German parts—and this obviously affects the cost equation in deciding where to place an order.

British investment in the motor industry has certainly been lower in the past than that set in most Continental countries. The market has been growing so much more slowly that it has not made sense to expand capacity much since 1964. By contrast, the German and Italian industries have shown a strong expansion and have needed to huild new plants.

The greater productivity of many of the Continental car producers, when measured against even Ford—the hest of the British manufacturers—is quite noticeahle. It stems partly from modern plants and partly, particularly in Sweden and Germany, from a more flexihle approach to manning and joh changing shown by the unions.

The plants which British Leyland inherited from BMC were in sore need of modernisation. For many years BMC had invested too little to keep its methods up to the standards of the best Continental producers—and Leyland now has an enormous hacklog to catch up.

Unfortunately it does not at present have the financial resources to match the investment of its major rivals. Renault and Fiat, which are each roughly the size of Leyland in turnover, both invest at the rate of £100m. a year. British Leyland has doubled the investment rate set by the constituent parts of the company before their merger, but this still amounts to only £60m. a year.

## Lower costs

However, a great deal has been achieved within these limited resources. The Cowley plant, rebuilt for the production of the Marina and Maxi at a cost of £35m., is as modern in its methods—though not as large—as the Fiat plant at Rivalta or Renault's Boulogne-Billancourt. The Marina itself is a car which is simple to prodnce and whose production costs are markedly lower than any previous, comparable car in the range. Leyland, indeed, has come quite close to Ford—widely regarded as the most effective in Europe—at planning its design for maximum efficiency of assemhly and minimum cost.

The Marina alone will not cure Leyland's productivity prohlem. But it has allowed the company to drop the Minor and Oxford which were built in old-fashioned workshops at huge wastage in labour. The company has closed its Adderley Park plant, one of its oldest Birmingham sites, and there promises to be a graat deal of plant rationalisation over the next five years.

The labour problems at Cowley and at Rover's Solihull plant have largely evaporated since the company persuaded employees in the main production units there to switch from the ahrasive piece-rates system to a form of planned day work. Triumph is currently the worst trouble spot in the British industry, but a confrontation is in progress there, too, which must ultimately lead to a more sensible form of payments.

## Difficult step

Much of the component industry and the Leyland plants at Longhridge and Jaguar in Coventry will also have to take this difficult step one day; hut once they do, their lahour record should he no worse than in France or Italy. For many of the Italian and French strikes are politically motivated, often influenced hy powerful Communist unions.

The question of imports is dealt with in another article so that I will not dwell on it here except to say that it is not nearly such a worrying phenomenon as most people imagine. I do not think that the British industry lags in design compared with tha industry in Germany, France or Italy—though of course there are many market sectors where some foreign car may have a lead over its British rival. The Jaguar, Mini and MG and Triumph sports cars are still in huge demand in Europe whilst the Escort, Avenger and Marina have in many ways set a new standard for the cheap, simple family car which many Continental producers will be following.

In short, with a steady expansion of demand in sight the outlook for the British industry is a good deal rosier than most people in the City imagine. The commercial vehicle and component industries stand to benefit substantially from the Common Market, for they are the largest and most efficient in Europe. The car manufacturers will undoubtedly have a tough hattle on the domestic front hut they have some unexploited opportunities in the Six too. So long as the present lull in the labour hattles can be maintained the British industry should prosper.

# Pollution control now a necessity

By PETER CARTWRIGHT, Midlands Correspondent

The argument whether car exhausts do, in fact, damage health in this country or in Europe, or indeed anywbere outside the three or four American cities with identifiable problems has hecome irrelevant. The necessity for every major manufacturer in the world to meet increasingly stringent American anti-contaminant regulations has produced an irreversible trend and a growing stream of legislation elsewhere. So much so that at least ona British car maker has detached a senior executiva to monitor and co-ordinate legislation and technical data on a worldwide basis.

The reason for this is not bard to see. It is impossible to confine exports of cars that meet American specifications to America alone. Even though Mexico, for instance, has no similar restrictions, cars imported there will need to conform, since they may be driven into one or other of the American States. Some very large and profitable markets are therefore at stake.

## Good chance

This is no less so for the Americans and concealed bebind the increasingly stringent regulations is a highly competitive element. The Americans are not exporters in the sense that the word is used in Europe, and they have seen their homa market whittled away by a growing volume of cars from Europe and Japan. To a nation that has put a wheeled vehicle on the moon it must be unthinkahle that they cannot meet the regulations set, however difficult they are now saying this is. And if they do, and car manufacturers in the outside world cannot, then it would certainly appear that the Americans stand a very good chance of regaining lost ground.

The impetus already generated by quite massive outlays in plant, equipment and staff by all the volume car manufacturers in various parts nf the world, and the potential new business being generated by new technology seems bound to carry the clean engine concept for passenger cars to ultimate success. Ford America has already broken through to this with an Army jeep "stratified charge" engine and Honda is also reported to be there.

## Principal target

Finally, this is European Conservation Year and not the least of its impacts has been tu fasten attention on to ways in which the environment can be cleaned up. Pollution has become a highly emotive word. No matter that domestic chimneys are the biggest canse of air pollution or that cigarette smoking is far more a hazard to health than walking down Oxford Street in the rush hour, vehicle exhaust has become a principal target. And where America has led others will follow, if more slowly.

That such a worldwide movement should have developed from the problems of three or four American cities in so short a space of time, especially as most of the hazards are unlikely to be experienced elsewhere, is sufficient commentary on the speed and determination with which restrictive legislation has been pursued.

Basically the movement arose from problems associated with carbon monoxide among New York skyscrapers, hydrocarbon pollution in Chicago and the formation of nitrogen oxides and hydrocarbons in Los Angeles hy photo-chemical reaction due to peculiar atmospheric conditions found there. Los Angeles's problem is, incidentally, only found in a few other cities (Tokyo is most commonly cited as the only one).

Since the first world symposium on air control at Geneva in 1966, when California's major requirements were spelt ont to European manufacturers, research and development to meet increasingly challenging maxima for pollutant constituents have been on an expanding and costly scale. For example, it cost Jaguar Cars £350,000 to enable the "E" type sports cars (80 per cent. of which go to America) to meet the 1968 American emission and safety regulations. British Leyland, of wbich Jaguar Cars is a part, has centralised its work at the Coventry plant in a £250,000 air-conditioned facility with such advanced and sophisticated equipmant as infra-red gas analysers, simulated driving cycles representative of city driving patterns in America, Europe and Japan—all mandatory and all different—chassis dynamometars and desk computers.

Such equipment is duplicated at every major manufacturer as well as at the Motor Industry Research Association which serves the whole industry. In addition, detailed work is being undertaken in co-operation with manufacturers by carburettor, fuel injection and other companies. Some of them have not previously been associated with the motor industry, but can see

Continued on next page

THE MOTOR INDUSTRY V

# Boom in foreign car sales

y IAN WEBB, Editor Motor Report

Even if the present booming les conditions fail to last, 71 is still certain to go down British automotive history as e year of the imports. Over e past 12 months foreign cars ve taken a share of the arket that has been unprecented and, largely, unexpected.

The imports rise started as a eady increase last year but it s a development that reived relatively little notice. ring the winter it gathered ce and by January, 1971, it s up to nearly 16 per cent. the market (in units sold, though not turnover), against ss than 12 per cent. 12 onths before. The situation ntinued to improve—or teriorate, if viewed from the mestic manufacturers' angle as the year progressed. By bruary the hitherto unheard figure of 20 per cent. was ing nudged and two months ter imports actually achieved for the first time.

## Gap left

One early reaction was to tribute the foreign cars' ccess to the prolonged strike Ford, which left a gap on e showroom floor that other K. manufacturers were in no sition to fill. Undoubtedly, e Ford stoppage did belp, yet t to a great extent for the ports continued to bold—deed enlarge—their share of siness when the strike ended d Ford cars started to become ailable again (although ortinas are still in short pply). In August, the last onth for which the Society Motor Manufacturers and aders has detailed figures at esent, the foreign entries urished even better, relaely, than the British ones. ey took a record 21.97 per nt. market share. And the dications are that they did just well in September.

The rise of the imports really erited less surprise than it has used. Elsewhere in Europe e picture is already a familiar e and it could only have been matter of time before Britain llowed the general trend. Manufacturers in West Germany, France and Italy have been accustomed since the late 1960's to seeing imports account for one sale in five on their own doorsteps. As long ago as 1968 the percentage in Germany shot up from 17 to nearly 23, while in France the respective figures were 15 and 21 and in Italy imports enlarged their market portion from 16 to 19.7 per cent. By 1970 the figure in Italy bad moved up to 28 per cent. and in Germany to close to 24 per cent. Only in France had domestic products regained a little ground, forcing the intertopers down to a 20 per cent. share.

So the success of foreign car sales in Britain over the last year is unremarkable when seen from the other side of the Channel.

Least surprised of all are Fiat, Renault and Volkswagen, the three main architects of the boom. Between them they account for well over balf of all foreign cars sold here.

Fiat and Renault are operated as subsidiaries of their parent organisations while Volkswagen differs in that the U.K. franchise is beld by a member-company of the Thomas Tilling group. But, unlike some of the smaller importers, VW in Britain is closely overseen and guided by the parent firm. Its business style mirrors the marketing-orientated efficiency of Wolfsburg.

All three concerns—Fiat, Renault and VW—have followed fairly similar paths to their present pinnacle of success. Over the last decade extensive dealer networks have been constructed—and modified, often with almost ruthless despatch—in the light of experience. The "big three" bave largely been able to pick and choose their outlets. In many cases dealers have been glad to exchange British car franchises (particularly in districts where local duplication results from muddled marketing and badge engineering) for a foreign one.

Where the products that the dealers have to sell are concerned Fiat bas been reaping the benefit of a wide range of models with something to cater fer most tastes from mini-cars to sports coupés and now, with the 130, luxurious and costly high-performance saloons.

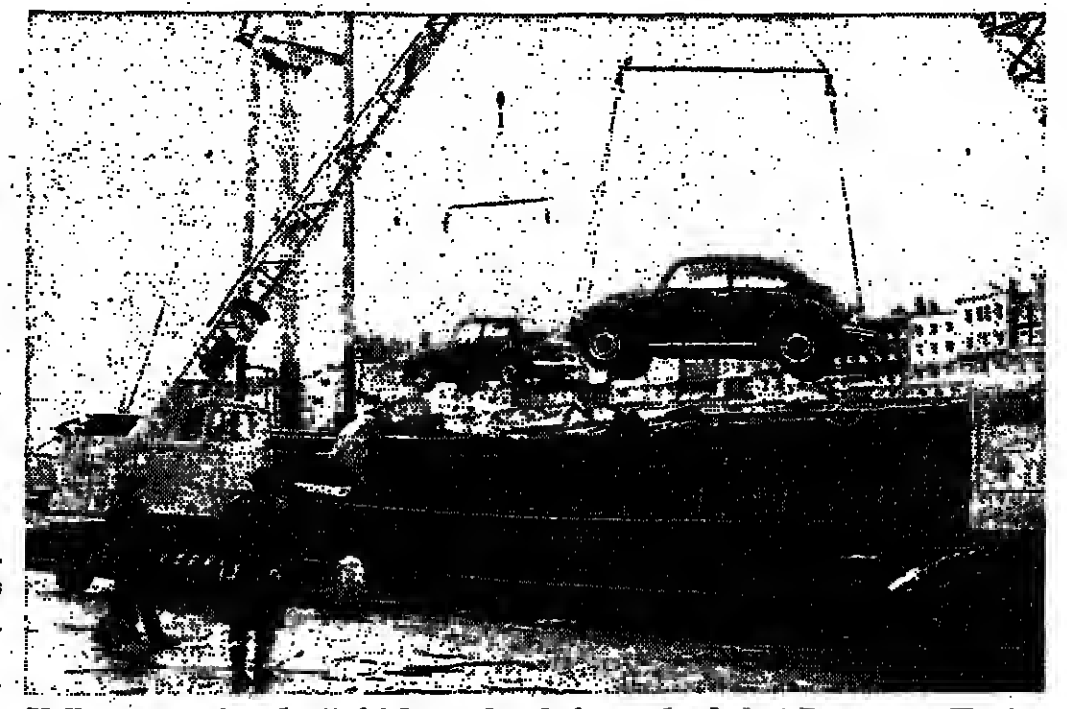
Renault has moved up from its old single-model policy with the Dauphine to offering British motorists saloons and estates in the small-to-medium range, plus the new 15 and 17 semi-sporting fastbacks that are due here next spring.

## No new models

Only Volkswagen bas suffered from baving too narrow a range and even "suffered" is a relative term, for the sales of the Beetle and to a lesser extent the 1600 and 411 bave still been excellent. But with no new models in sight Volkswagen is baving to fall back increasingly on its repotation for reliability and mecbanical longevity as a marketing platform. This autumn's campaign to publicise the "computer diagnosis" service at VW dealers will be a major prop for that platform.

Given the right ontlets and suitable products the leading importers have had still to cross the final barrier of the average British car owner's aversion to anything other than the familiar local products. Though there is some way to go even yet, particularly among older motorists, competent advertising and public relations techniques bave broken down much of the apathy. Few drlvers still fear that spare parts or service might be bard to find and equally few cling on to the belief that foreign products are automatically inferior to Britisb ones. Most of the old canards bave been shot down now.

The importers' greatest success has been with younger owners—and with the more discerning ones of all ages. Increasingly, such motorists have realised that their particular requirements are best suited by say, a Renault 4 or Fiat's 125S (neither of whicb have direct U.K. counterparts) rather than among the contracting range of cars offered by the four major companies here.



Volkswagens for the British market being unloaded at Ramsgate, Kent.

And finally, buyers are persuaded by the highly competitive prices of the imports. The market teaders have been prepared to shave profit margins, first to gain and then to reinforca their toehold in Britain. Like exporters elaewbere they have looked to their (often booming) bome markets to provide the profits that financed export projects. Now their speculation is paying off, the more so because inflation bas been forcing up British-made car prices at an even higher rate than foreign-made ones.

While the Italian-French-German trio has led the attack on Britain the smaller Continental marques bave contributed too, although a large proportion of their success can be attributed to the increased levet of acceptance for imported cars as a whole won by the big three.

Certainly they bave benefited just as much from the upsurge in demand. The biggest individual success story this year has been Chrysler France, up from a negligible 1 per cent. of the total market at the beginning of the year to nearly 2.5 per cent. this autumn and looking a likely third contender for the continuing struggte between Renault and Fiat for second ptace among import sales behind Volkswagen. In August French-built Chrysler cars, notably the Simca 1100/1204 and the big Chrysler 180, accounted for 3,401 unit sales, against 1,970 in the preceding month. If this rate of improvement could be continued Cbrysler would overbaul both Fiat and Renault next year. The French cars bave gained an enormous advantage from immediata access to the Chrysler U.K. dealer network which hitherto bad only the Avenger, Arrow and Imp series to sell.

Fiat and Renault, not to mention VW itself, would be better placed to fight this cballenge from within their own ranks If they could only get more cars from the factories.

All too clearly, British manufacturers have been the prime losers to the imports. But not all the overseas makes bave done so much better. Volvo is one that has been bampered by a limited model range and bas actually been ousted from its accustomed fourth spot among import sales down to fifth, only just ahead of the now combined Auto Union Audi/NSU and Opel, the tatter with 1971 sates over 50 per cent. above 1970s and gaining from a decision to offer franchises to Vauxhall dealers: Opel and Vauxhall are of course cousins under General Motors so that now 28 of lts 120 odd ontlets in Britain are Vauxhall agents.

Behind these big sellera come other more speciallsed firms and they too bave had their success stories. BMW for example is typical of second-division manufacturers that bava located a niche in the market and exploited it successfully. Compared with the beginning of the year, BMW bas doubled its sales although this meant that by the end of the summer it was still accounting for only one in 200 of all cars sold in Britain. Nona the less, the BMW range is restricted to a selection of high performance saloons and coupes the cheapest of wbich costs £1,626 and the dearest £5,118. And level-pegging witb BMW for unit sales is Peugeot of France. The factory bas taken over the concession for itself and in a first year avowedly spent mainly on extending and improving the dealer network has none the less managed to push up sales by some 75 per cent. since the spring. Peugeot's own research indicates that it could sell 14,000 cars a year bere by 1974, aided by an increasingly wide spread of models.

Outside Europe only Toyota exports an appreciable number of cars to Britain. Its position has steadily improved during the year to a polnt wbere it has a 0.41 per cent. market sbare. Nissan Datsun is expected to do at least as well once it firmly establishes a base here. Honda is still beld back by the absence of suitable cars.

## More attractive

For Japan as a whole, however, tha era of pilot operations in Europe is over and some at least have decided that the water here is warm enougb to warrant diving in. The increasing financial end legislative restrictions on the once bountiful U.S. market must make Europe seem more attractive still.

For the mainland European manufacturers themselves there is obviously stilt more to be had from the British market. With penetration now at 22 per cent. and foreseeably still climbing, the once optimistic-seeming forecasts of an eventual 25 per cent. are being revised upwards in some quarters. And attbougb British membership of tbe Common Market would probably mean only slow dismantling of import duty (now at 13 per cent. and in any case coming down to 11 per cent. in January) the future looks rosier than ever for the 40 foreign makes availabte here.

# Pollution control—(Cont'd)

Continned from previous page

worthwhile future sales for specialised, and probably necessary products. Thus one company, better known as a bullion dealer, is developing a platinum coated ceramic catalytic converter component.

At this moment everyone is working bard to try to meet the extremely stringent 1975-76 model year American regulations ln order to gain the vital licence from the U.S. Environmental Protection Agency.

This lnvolves a long testing procedure extending over probsbly nine months to do the qualifying 50,000 miles, and at least a previous similar period by the manufacturers to makes reasonably sure of success. And this ln turn must of course be preceded by the development of new systems and modified engines. Time therefore is at a premium.

Some of the problems posed seem almost insuperable. For instance, wben carbon monoxide is reduced by more conventional methods the nitrogen oxides go up, and in the future control will almost certainly require some form of expensive catalytic converter or exhaust thermal reactor. Again, the elimination of lead in petrol to reduce pollutants creates enormous difficulties for engine designers. Lead is not only the simplest and most effective method of raising the octane level of petrol but it also promotes even burning of the fuel among the combustion chambers. Moreover lt also lnbricates the valve stems and seats and its absence has been found to create severe valve recession, destroying the seal in under 2,000 miles. "Cut lead out of fuel and all the world's engines would stop" was bow one expert put lt.

If low octane leadless fuels become a requirement it will entail drastic alternations to oll refining programmes, and even then this may introduce other pollutants on a bigger scale because of the higher aromatic content of leadless petrols. Low octane fnels would also mean less efficient, bigger engines to provide currently accepted motoring standards. (General Motors already has an 8-litre engina on the stocks).

## Exhaust system

To avoid all this will almost certainly entail incorporating expensive special catalytic (or non-catalytic) converters into the exbaust system as well as new means of preventing valve recession, wbich becomes essential by the 1973 model year.

Nitrogen oxides are formed in the combustion space where the temperature is very higb especially in high compression engines. To control them means reducing the temparature, and again, going back to lower compression, less efficient engines that burn more fuel. To control effectively the emission of most of the pollutants by 1975-76 wilt probably necessitate a separate device in which to burn remaining contaminates in addition to an air injection system (now fitted) which requires a blower that can easily take up to 5 bp to operate.

For all connected with the motor industry except, perhaps the legislators, the next two or three years present formidable problems the solutions to which would seem to mean bigger, less efficient engines with higher fuel consumption, increased costs and higher maintenance liabilities.

Fortunately in Europe and in almost every other export market the problems of exhaust emission are never likely to become so acute as they are in certain American cities, so that the regulations may never need to matcb them. They are being, and will be, tightened at, it is boped, a European standardised pace through the Economic Commission for Europe, a part of the United Nations, rather than by independent action by each country which would unnecessarily complicate production problems for all.

## Sensible use

The cost effectiveness of the development of a completely clean engined vehicle has been studied by the U.K. Government in relation to the less acute vebicle pollution problem in Europe. "The Protection of the Environment" White Paper concludes that "the development of a completely pollution free car might not be the most sensible use of resources."

## THE MOTOR INDUSTRY VI

# Radial tyres are taking over

By STUART HAYES

The radial ply tyre is pushing the crossply out of the European motoring scene at an ever-increasing pace.

In France, wbere Michelin made the first steel-belted "X" radial tyres as long ago as 1948, the crossply is almost dead. Both Micbelln and Kleber-Colombes, who between them bave more than 50 per cent. of the market, have stopped producing crossply tyres altogether. In Italy, wbere Pirelli marketed the first all-textila radial early in the 1950s, all new cars are fitted with radial ply tyres and the crossply bas a shrinking bold on the replacement market only.

Britain bas not made such fast progress, but radial production has risen significantly in the last year. According to the latest returns from the tyre division of the Britisb Rubber Manufacturers Associatioo, 3.3m. of the 7.1m. car tyres made in the first six months of this year for the original equipment and replacement markets were radials. This compares witb 10.6m. of the 25.4m. in the whole of 1970. By the end of 1972 it is clear that radial ply tyres will account for well over 50 per cent. of production if present trends are maintained.

Indeed, in the first six months of this year almost 90 per cent. of the Britisb-made tyres supplied to the bome replacement market were of radial construction. This is, however, also a reflection of the substantial penetration achieved in the bome replacement market by crossply tyres made in Europe. There is a glut nf crossply tyres in Europe, and certain manufacturers—especially some in Eastern Europe—are exporting tyres to Britain to sell at prices our own manufactures cannot match.

Why is the radial displacing the crossply? Broadly, because it separates the functions of sidewall and tread so that both can work with greater efficiency, wbereas in the crossply tyre, the same cords reinforce both sidewall and tread. As the crossply tyre's sidewall flexes, the tread distorts. But the radial tyre's tread is braced by a hidden, inextensible belt so that it stays flat on the road when the sidewall reacts to bumps, cornering and braking forces.

Tha radial tyre's main disadvantage is its barsber low speed ride, caused by the belt reacting to bumps on the road surface. Careful design of the car's suspension can almost eliminate this tendency, and at higher speeds the radial bas always offered superior ride qualities. For some years now manufacturers both in Britain and on the Continent have built into their cars a degree of suspension compliance. This allows the wheels to move backwards fractionally as they react to bumps, thus absorbing the radial tyre's vibrations.

### Death knell

So successful bave they been that cars like the Jaguar XJ6 (Dunlop SP Sport tyres as exclusive original equipment) and the Peugeot 504 (mainly Michelin and Kleber-Colombes) offer a better low speed ride on their radials than the Rolls-Royce Silver Shadow on crossplies. At last Rolls-Royce ara falling into line, and going over to radials as original equipment on the Silver Shadow. The faster Corniche model has bad them since its launch last spring.

This sounds the death knell of the high speed crossply tyre, once used on cars like the Aston-Martin and Bristol, for example. In this field, the radial has taken over entirely.

The so-called ultra low profile crossply tyre (in fact, a madium low profile) introduced in the late 1960s by Avon has enjoyed spectacular success in the specialised field of Formula Ford racing. As a result, Avon are promoting it as an alternative to the radial for performance minded, yet comfort loving, motorists. It is an excellent tyre, with a depressed crown which takes up the proper flat shape wben inflated. Due to its lower profile, it puts more rubber on the road than a conventional crossply tyre, and its breakaway characteristics when pressed to the limit are more progressive than a radial's.

In cost per mile, bowever, the radial will always win. Although it costs around 25 per cent. more than an equivalent crossply tyre, it will last at least 50 per cent. longer if made with a textile belt, and up to 100 per cent. longer if steel belted.

Micbelin have never made their radial tyres with anything other than a steel belt and gradually their competitors are tending to follow their example, although at present textile radials outnumber the steel belted variety. New types of car are demanding such high standards of tyre performance, both in terms of steering response, cornering stability and tread wear, that only steel-belted radials will do. Even Pirelli, pioneers and arcb-exponents of the all-textile radial, have had to produce several sizes of steel belted tyre for the front wbeel drive Fiat 127 and 128, and the all-independently suspended prestige car from Fiat, the 130.

Only a general shortage of steel tyre cord is restricting the growth in popularity of the metallic belted radial. Michelin and Goodyear are building new steel cord production plants of their own. Pirelli, Dunlop and Continental (Germany's largest tyre maker) are jointly setting up their own steel cord facility in the Saar.

### Steel belted

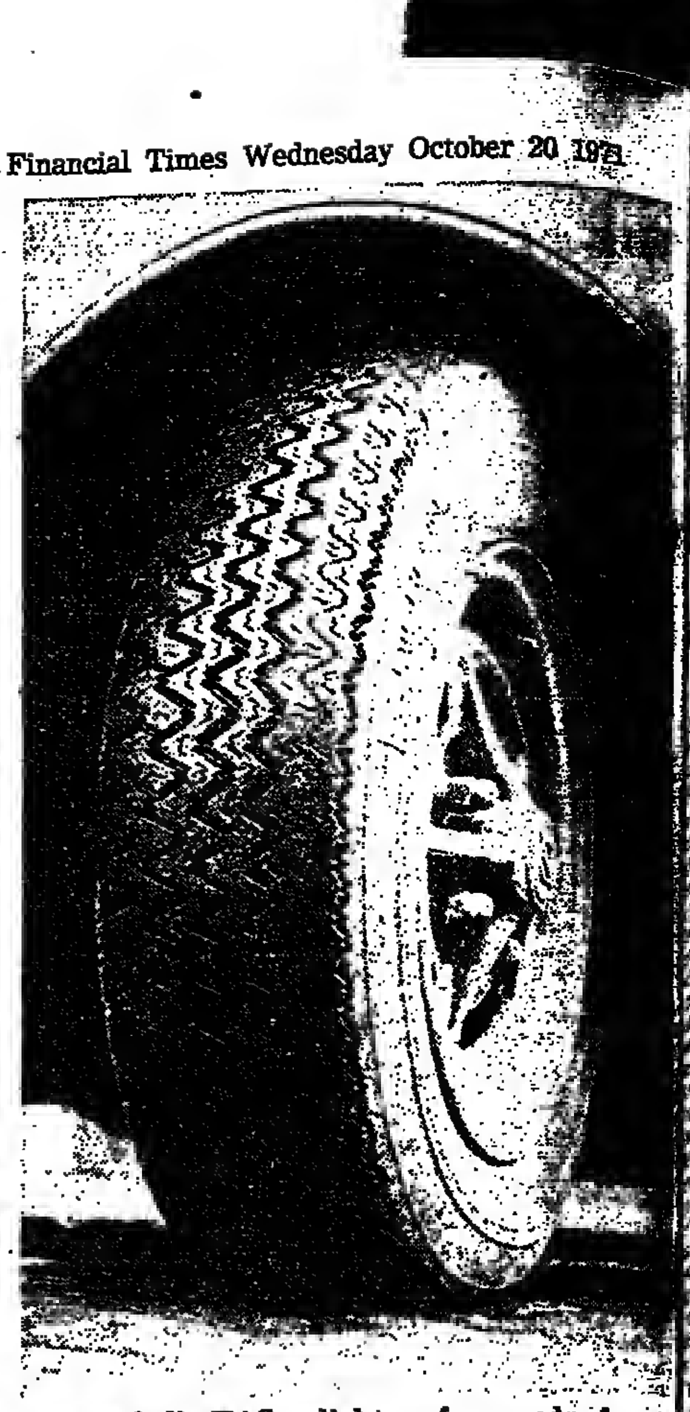
In Britain, steel belted car radials are being marketed by Micbelin, Avon and Uniroyal, and Uniroyal also manufacture the Esso steel belted radial. European producers of steel car radials include Glslaved in Sweden, and Metzeler and Continental (Germany). Semperit (Austria) bave gone further still and are producing commercial quantities of an all-steel (as distinct from textile casing and steel belt) car radial tyre.

Dunlop have been making experimental quantities of a steel belted radial using ultra-fine wire tbin enough to allow it to be built on the same machinery as all-textile tyres. This is a most promising area of development. It seems certain tbat, by the end of the decade, many bigh performance cars will be running on all-steel radial tyres of ultra-low profile, perhaps only 60 per cent. as higb as they are wide.

Cnrreotly, the 70 per cent. profile tyre is the flattest in general use, and even this is confined to higher performance cars like the XJ6, BMW 3-litre and Morris Marina 1.8TC. But far more cars will be seen on 70 profile tyres by this time next year.

Very large quantities of European, including British, radial ply tyres are being exported to the U.S., wbere the industry is still mainly geared to producing crossply types. In recent years, in a bid to get some of the benefits of radials without baving to invest in costly new machinery, the U.S. tyre industry bas been making bias-belted tyres. These are bias (that is, crossply) casings with a circumferential belt. In the main they bave been made with polyester casings and glass fibre belts. Though better than unbelted crossply tyres, their performance does not compare with that of a radial. An attempt to introduce them in Europe failed dismally ... there are growing signs that ... American tyremakers, whe... they want to or not, will ... forced into the radial ... before long.

There are also signs that ... the propaganda in Bri... abont tyre safety is ... to pay off. The motorist is ... more generally aware of ... vital part a tyre plays in ... bandling and therefore ... of bis car. Tougher enfo... ment by the police of the ... tyre safety laws is helping ... persuade drlvers to pay ... attention to the conditioo ... their tyres. Even so, it is ... mated that only 10 per cent ... those with illegal tyres on ... cars actually get caugbt.



The Michelin XAS radial tyre for speeds of up t... 130 mph.

# Exports of components

By JACK HAY

Estimates generally put the number of bits and pieces in a car at over 20,000. The Morris Minor was once stripped, and counting all the nuts and bolts there were said to be over 24,000 parts.

The components and accessories industrles—and it is often difficult to differentiate wbere the division lies, for is a windscreen washer a component or an accessory?—last year accounted for 40 per cent. of tbe vehicle industry's total export earnings for Britain, whicb amounted to £447m. This was in direct exports, either to foreign manufacturers or as spare parts. In the same period car exports totalled £328m., commercial vehicles £180m. and tractors £113m.

And in each of those, of course, there was the output of the component industry as indirect exports. Components and accessories imported into Britain totalled £108m. and cars brought in were worth £85m., some of wbich, it must be remembered, bowever, were carrying British parts. Volvo, for instanca, takes some £20m. worth of British component parts each year, and Volkswagen are expected to build up from over £7m. last year to some £10m. this year.

A major area of development is in electronics which is being used increasingly in cars for making tbem go more quickly and mora smoothly, with better acceleration by electronic petrol injection systems and stopping them by electronically controlled wbeel slide protection systems.

Developed in the Midlands, this latter system claims to be unmatched by any other anti-skid system yet published. It is applicable to all four wbeels, either individually or in pairs, and to different systems.

It is maintained that even under adverse conditions there is no wheel-locking or skidding, no loss of stability, or loss of steering control, with significantly shorter stopping distances in wet or icy conditions.

### Wheel speed

Control of tbe system is effected electronically. Sensors generate a frequency of pulses, in relation to wbeel speed, which are converted to a DC signal again related to wheel speed. If the signal exceeds a thresbold value of around 1.3g wbeel deceleration (indicating imminent wheel skid) a solenold control value is energised where appropriate, bringing pressure relief where needed.

The electronic control loop, taking account of overbraking and varying road surfaces, is capable of revising the braking level at least 10 times per second, if necessary.

Brake systems is the field in which there is most research activity at the moment. The materials used in making the conventional systems are being steadily improved, and component designs evolving. The trend towards the use of dual bydraulic system has continued, but there are many designers who feel that it is moving forward too slowly, and sbould be obligatory. The cost, they claim, would not be too much.

Efforts are being made increasingly to improve brake balance by the use of valves to modulate the hydraulic pressure reaching the rear wbeels during braking. These are relatively cheap and give improved maximum braking on surfaces of all kinds up to the point of wbeel locking.

While many companies are experimenting with anti-locking devices of a wide range of types, it will take time to show which are the most practicable and the most reliable. The field is expected to thin, and it is also expected that it will be the most expensive cars wbich will, as usual, benefit first. But anti-lock systems could become compulsory in the years ahead.

### Alarm given

Could we have veblcle condition monitoring systems? One is already in existence, capable of monitoring eight systems in a vehicle continuously and giving an alarm legend should a danger develop in this the brake system, brake fluid level, oil pressure, bulb failure, oil level, radiator coolant level, brake pad wear and screenwash level are the orders of safety priority.

A major area of research and development in the petrol injection field has beeo that of control, giving not only better performance but to move towards cleaner exhaust emissions. The present approach of the major British firm in this field has the objective of meeting the fuelling requirements of an engine exactly, so achieving the lowest possible pollution emissions under steady running and translent conditions. At the same time there would be benefits of increased power and reduced fuel consumption.

Initial investigation has been made on a 2.5-litre engine. In the current state of development, so far as tha particular engine on which tha work has been carried out is concerned, the 1974 U.S. Federal and Californian regulations on exhaust emissions can be met. And it is also expected that the more stringent regulations scheduled for 1975 will also be met, partly as a result of the development of the petrol injection systems and partly by other developments in the entire engine and exhaust systems.

Much of the development work of engine and other component manufacturers is aimed at meeting the increasing world-wide regulations on pollution—both from smoke and noise—as well as on safety.

Continental component and vehicle manufacturers are making similar experiments, and so, too, are commercial vehicle component manufacturers.

Here there is becoming a more acute awareness towards the factor that noise is as much an

Continued on next page

THE MOTOR INDUSTRY VII

# More emphasis on safety

By GORDON WILKINS

All major motor manufacturers now have engineers whose sole duty is to keep track of the ever-changing regulations on safety and pollution emanating mainly from the U.S. They spend much of their time travelling from one international conference to another but few dare quote the regulations applicable at any given date without referring to their fast growing filing systems. The politicians and pressure groups seem to be taking over. The American overseas subsidiaries, Ford Britain, Ford Germany, General Motors Vauxhall, General Motors Opel, Chrysler Britain and Chrysler France, can collaborate freely with other manufacturers on solving safety problems hnt they dare not be seen collaborating with each other for fear the American directors responsible for their operation should be prosecuted with all the rigours of the American anti-trust laws.

Many people, fearing the consequences of the explosive air bag that was to he compulsory on cars sold in the U.S. on 1974 models, were relieved that the requirement has been postponed for a further two years; but Mr. Nader apparently sees this as a further sinister plot to deprive motorists of essential protection. People concerned with the practical problems are beginning to feel it is time Mr. Nader demonstrated his devotion to the cause hy sitting in a small car while four air bags are exploded simultaneously.

Politicians in Europe, anxious to present an appearance of activity, are inevitably tempted to follow the American lead without realising the political motivation and fragmented thinking behind it; the kind of goldfish bowl thinking which prescribed an area to be swept by the wipers which was larger than tbe total windscreen area of many small cars.

The order of priorities in current American legislation is odd to European eyes. Hydraulic brakes must bave twin circuits, regardless of the fact that brakes on the rear wheels only are likely to send the vehicle into an uncontrollable skid, while the brakes themselves may he so inefficient that two successive stops from high speed can produce dangerous fading. Anti-lock braking systems are appearing on rear wheels of some high priced American cars but I have been told they are not likely to be required on front wheels because this would allow the driver to change lanes and take avoiding action while braking.

## Sitting tight

American thinking seems to be in favour of sitting tight and having the accident in a kind of armoured car. From 1973 bumpers must be able to take 5 m.p.h. impacts without damage to any part affecting safety. They will add anything up to 80 lbs. to the weight of new cars and millions of dollars to their cost. Steering columns must he collapsihle but the steering gear may require anything up to six turns from lock to lock, making it impossihle for the driver to correct a skid. Stagnation in design induced hy low speed limits has produced American cars with poor brakes, lamentable roadholding, sloppy steering and low grade tyres. Radial ply tyrea have to be imported from Europe. British manufacturers exporting cars to North America have to delete safety items of proved value like beadlamp flashers and repeater turn indicators on the front wings. European cars, designed for limit-free highways are generally superior to American cars in braking; steering and road holding and have infinitely better tyres, hut this avails them nothing under the passive approach to safety adopted in the U.S. Worse still, we bave to endure attacks on the British Government for not instantly adopting American regulations regardless of wbether we need or can afford them. Mr. Nader says safety could be paid for by cutting down on styling changes, but his prime target now is Volkswagen who do not make styling changes. His interest admittedly is in making accidents survivable and not in preventing them and the issue is thus one of cost effectiveness.

Many people, horrified at the rapidly increasing weight of heavy lorries and the brutal contempt for human life shown by some of their drivers would be glad to have the protection afforded hy particularly strong cars like Rover, Volvo, Saab, Rolls-Royce or Mercedes Benz, but should people who cannot afford this protection be kept off the road altogether or would we do better to exercise closer control over the lorries?

British cars have a good level of active safety to help drivers avoid accidants and speed limits have not yet bad time to erode our standards. Unlike the U.S., we bave Construction and Use regulations so that an owner is not free to neglect or deliberately sabotage equipment which the law requires on the car. Britain will make single-actioo safety harness compulsory on new cars from 1973 and is collaborating with European Governments on formulation of other safety measures such as reinforcement of doors against side impacts on whicb Ford of Britain bas just completed some important research. The result will inevitahly he cars that are heavier and more expensive. The new Mercedes Benz 350 SLC coupe, produced by a company which has done a great deal of pioneer work on crash protection, weighs 280 lhs more than a Jaguar E Type V 12 and 480 lhs more than a BMW 3 OCS coupe.

## Realistic basis

European collaboration seems to be running smoothly hut Sweden is earning a reputation as a Maverick which leads to cynical suggestions that hy making it uneconomic for foreign manufacturers to meet their regulations they could eventually reserve their home market for Swedish cars.

However, in view of the negative approach so far apparent in American safety regulations it is refresbing to find a more enlightened view of road safety being written into the specifications for the ESVs (Experimental Safety Vehicles) which European and Japanese manufacturers are developing in collaboration with the American Department of Transportation. Britain is not committed to building complete cars but is collaborating on component development. The programme is designed to produce experimental cars in which occupants could survive a collision with a wall, vehicle or tree at 50 m.p.h. or a double roll over at 70 m.p.h. But there are also clearly defined requirements for steering response, cornering ahility, acceleration, stability in side winds, braking efficiency and stability under braking, to help drivers avoid accidents altogether.

Easy maintenance, and low maintenance cost for all components involving safety are basic requirements. These projects will provide the basic information on what is tecbnically and economically feasible and form a realistic basis for future regulations. Both Henry Ford and Dr. Lotz, who was until recently head of VW agree that safety and pollution regulations could soon raise car prices by 30 to 50 per cent. It is ironic that the pursuit of safety and reduction of pollution should be in danger of imposing on us costly and complicated cars beyond the means of many Western motorists at a time when Ford, VW and others are developiog schemes to bring motoring within reach of millions in the developing countries by producing minimum cars of the simplest possible kind. During the next two or years years some clear thinking will have to be done as a result of the ESV programme. While it may he feasible to make 30 m.p.h. impacts survivable, the proportion of impacts taking place at 50 m.p.h. is so small and the cost and complication of making them survivable is so high that this may not prove to he a realistic objective. The engineers working on these projects are impressed hy the practical and realistic approach shown hy Mr. Douglas Toms, the American administrator. They recognise that safety will not be secured by making new cars so heavy and so costly that people will be forced to go on patching up their old ones. The pressure groups have done a service by creating a climate of public opinion in which safety is a major issue. The need now is for clear thinking on practical targets.

The " roll over " bars fitted to the roof of this Volvo 145 saved the occupants serious injury when the car was crushed beneath an overturned truck.

# Components-(Cont'd)

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environmental pollntion as smoke. One noise investigation programme has been concentrated on engine structure, with practical modifications to control the vibrations of the engine external surfaces. This form of noise control does not affect the engine performance in any way, and is potentially the cheapest solution to the diesel noise problem in terms of mass production and operation costs.

For many years there have been attempts to produce an all-aluminium honded vehicle radiator. These have met with only limited success in the experimental stages. The usual approach has been to duplicate the design, substituting aluminium for copper or brass, generally using brazing techniques.

Now an adbesively-bonded aluminium radiator has heen introduced. The advantage of aluminium is good thermal conductivity, corrosion resistance, and strength with low density. In economic terms, it is claimed the job can he done for low cost with reasonahle reliance on stable prices and very adequate supplies of the material. One advantage could be smaller front air intakes, bringing a cbange to front end styling.

## Modern versions

Whether safety harnessea sbould he considered as components or as accessories is still debatable. But they should be compulsory for small children, who should be in the back seat. Apart from keeping the child safe, modern versions give a better view of the surroundings, and by bolding the body firm make for a more pleasant journey.

Lights as initial equipment are largely a matter of the manufacturers' choice, but there can he no doubt about the responsibility of the owner to ensure that the lights are not only adequate but correctly adjusted. The modern development is more illumination, but less glare.

Comfort is on the border line between component and accessory. Textiles have been used for upholstery in the home for generations and now, after research and development, they have been adopted for cars here.

There have been two developments. Light resistant nylon yarns give long life and there has been the introduction of laminating or bonding of textiles. Those for cars consist of upholstery fahrics of a warp knitted nylon face fabric fused to a layer of high performance polyester foam, to whicb is fused a knitted cotton backing fabric. Two major car manufacturers are using this form of upbolstery.

Britisb component manufacturers already have outlets in the Common Market, and while European component manufacturers claim that they will do well in Britain should tbis country join the EEC there are no great forecasts of rapid rises in sales. Tbe component industry is already an international one.

## THE MOTOR INDUSTRY VIII

# Recession hits truck makers

By TONY WILDING, Chief Engineer, Freight Transport Association

Witb Britain now likely to join the Common Market, the big question in the mind of those involved in commercial vehicles ia "how will Britisb trucks fare on general European sales?" They will be facing very stiff opposition. And it is difficult to forecast at this stage of the game that U.K. makers will make much more headway than they have up to now.

Bedfords have sold reasonably well in some parts of Europe, mainly in Belgium and Holland and Ford do not have a bad record. But this is helped largely through these companies having extensive manufacturing facilities in the Common Market. And most of their trucks have been medium weights. What about the traditional heavy makers?

### Taken over

Leyland and A.E.C. for many years made most of their efforts in Belgium and Holland and with some success which has continued with the merging of the two companies in what has now become BLMC. Assembly facilities for trucks were set up in Belgium and marketing of all BLMC products including trucks was taken over by the European organisation based in Geneva. But these changes do not appear to have boosted truck sales to any extent. Indeed, at recent Shows BLMC truck stands have indicated a lessening of drive as compared with the time when sales were handled from Britain. As an example, the last Brussels Show saw quite a large BLMC truck display but few Corporation personnel and less visitors showing lack of interest from both sides.

As for the Independent U.K. makers, Seddon has a link with a big Belgian distributor and sells a few abroad, although the agent appears more keen in its useful share of the market from sales of German M.A.N. and Austrian Steyr. Atkinson made an attempt to sell in Belgium but has not done particularly well and Fodens have exported mainly specialised models such as crane carriers. But the biggest bope in this sector comes from E.R.F.—in Belgium again—who are now making real efforts by designing a model specially for the general European market.

E.R.F. appears to bave the right attitude and the problem of selling trucks in Europe really resolves itself to just this at least in the groundwork to any sales effort in new markets. After E.R.F. featured its special European model at Brussels last year the Sandbach firm invited a leading Belgian truck journalist to try out the cbassis. There was praise for it in the report and for E.R.F.'s initiative. But most of the article was used to slate tbe rest of the Britisb industry. The author claimed that Britisb makers were generally insular in their attitudes to European journalists, being unwilling to have them visit their factories and so on. It is hard to see that such charges are justified but clearly this wrong impression has been created, at least in one person's mind.

Have British efforts at selling in Europe heen as strong as they could have been? They have in some markets hut in others tariff barriers have made anything more than a token involvement pointless. It is significant that the only real impact of foreign truck makers on the British market has been by the Swedish; the removal of tariffs within EFTA made big investment in dealerships worthwhile.

### Level terms

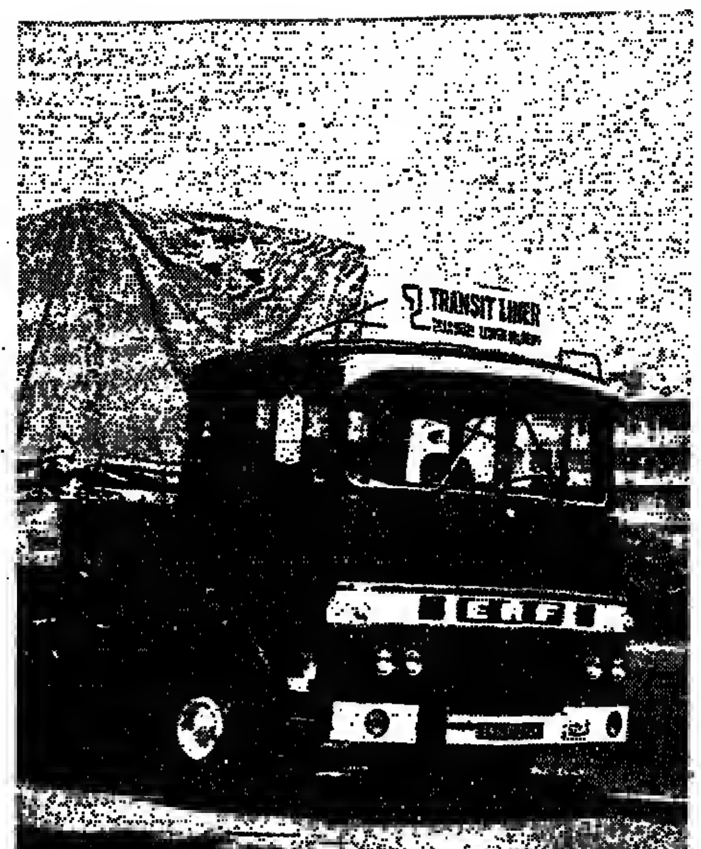
With the prospect of competing on more level terms within the Common Market U.K. makers are gearing themselves up for greater participation in Europe. BLMC for example has revised the whole of its marketing set up on wbat looks to be a much more sensible basis. But even if this part of the business is perfect there will still be big hurdles to be met. Two of the biggest will be the need to develop models more in line with wbat is demanded in Europe and to set up widespread sales and service networks. This will cost a great deal of money and it will take a long time to develop sales to a level giving an adequate return on the investment.

The current recession does not belp as it is now that the money needs to be earned to support an expansion of activity in Europe in the future. Setting up salea networks that will be able to compete effectively with local products and even with other imports needs big money. There is no doubt of the truth in the argument that a strong bome market is needed to support exports.

Truck manufacture has been hit more tban other industries recently not only due to the recession but also because long-awaited cbanges in legislation are still outstanding. Announcement of new laws will improve the situation probably just as much as a recovery in the economy. Road transport is involved with every industry and so it is affected by any recession. When the recession ia as deep as the preaent one, transport is affected very much. Many fleets bave vehicles laid up and more have put off ordering. Obviously this affects the manufacturing industry. A recovery in the economy must improve the situation all round. A return to what has been the normal level of industrial production will bring extra loads for road transport, a revival in vebicle ordering and, no doubt, the full order books wbich manufacfurers had not all that long ago.

To be happy about its future in Europe, the truck Industry needs a reversal of the current recession urgently. The competition will be fierce and the Continental makers have been strengthening their positions steadily over the years. Amalgamations have been the trend—the Mercedes-Benz amalgamation with Henschel and tbe German-French link between MAN and Saviem are examples. There are strong reasons for across-frontier links like tbe latter as a ready-made distribution set-up in another area is thus obtained immediately by eacb company. Fiat has gained considerable strength in France by taking over UNIC and more recently taking a big share of Citroen. But the Italian giant does not have as much success in Germany as it would like. There were signs of a change a few years ago wben Fiat was the main bidder for Krupp vehicle interests but Daimler-Benz stepped in to take over the asests even though the most valuable—a strong distribution network—was not wanted.

This illustrates how the future battle will be fought. Makers in the individual countries of Europe will be doing all they can to maintain their positions in their own markets. The difficulty for any company moving into a new market or making a real impact on one that, in a small way, it is in already is getting the rigbt kind of distributors. The answer can be amalgamations or links with makers in the country. Manufacturers who decide that they want to make real impact will possibly look in this direction—and hope they can follow the lead set by MAN and Saviem.



**An E.R.F. unit designed specially for the European market with an all steel cab pictured recently in Belgium.**

# Insurance costs go on rising

By JOHN PHILIP

There are now more than 15m. motor vehicles of all kinds in use on the roads of the U.K.; close on four out of every five are private cars, as contrssted with commercial vehicles of all kinds and motorcycles and scooters, which make up the balance.

For more than 40 years the motor vehicle bas held a unique position in our social welfare system: it is the only chattel, public or private, oo which the owner has been compelled to buy Insurance before taking it out on the road. Of course, motor insurance was widely sold before the first Road Traffic Act became law in 1930, but it is arguable whether in the last 40 years it would have developed into an industry with annual premium Income around £300m. without the pressure of legal compulsion.

The Britisb insurance companies write about 80 per cent. of this business—the balance is at Lloyds or with a few foreign-based companies. Over the years Lloyds underwriters have contrived to make a profit on their motor business but we do not yet know how they fared in 1969 and 1970, the years in which the BIA member companies lost some £50m.

### Premiums raised

For the preseot, the days of unrealistic competition are past; many insurers bave raised private car premiums twice in the last 12 months or so, and some three times. By the end of this year on average private car premiums will be up by 65-75 per cent. on those charged in early 1970. But even with these massive increases, in the current year the market is certain to incur a loss. Hope is now centred on improvement in 1972.

Last year insurers' motor claims payout was probably in excess of £200m., and about three quarters of this sum was spent in vehicle damage repairs. Both the companies and Lloyd's underwriters have taken the view that savings must be made, if at all, in the repair field, because inflationary tendencies apart, in the personal injury sector the wbole trend of legislative change and judicial thought continually makes for more and larger damage awards which insurers cannot bope to control.

The BIA has set up a number of panels comprised of motor managers, underwriters and engineers to establish links with motor manufacturers so as to discuss for example, design and safety, to provide information to members on new models, to researcb into costings in the motor repair trade and so on.

It is in this latter area that insurers' endeavours are bearing most fruit. The Repair Research Centre at Thatcham in Berkshire was set up by the BIA in the summer of 1969 and subsequently Lloyd's underwriters decided to give the station practical financial support, so that research there is conducted for all British insurers. Insurers reckon that the greater part of their vehicle repair expenditure is for repairs to bodywork; so much of tbe work at Thatcham has been to establish standard times for particular jobs and to notify these times to insurers, repairers and manufacturers. The Thatcbam view is that the repairer/manufacturer should be 85 per cent. productive, while most repairers are only 55 per cent. to 60 per cent. productive, and the manufacturers, on their own assessment 66 per cent. to 80 per cent. productive. So Thatcham research, if followed through to acceptance by the industry, could achieve substantial savings in labour costs, which have virtually doubled since the mid-1960s.

Of slightly longer duration, but so far of doubtful consequence, is BIA's motor repair pricing scheme. Early in 1969 BIA drew up lists in four pilot areas—Bristol, Newcastle, Nottingbam and Southampton—of motor repairers prepared to undertake work at agreed hourly rates and asked member companies to endeavour to get repairs carried out by these firms. But in the event no insurer bas yet been prepared to take away from the motorist the freedom of choice of repairer be baa always been allowed.

Insurers know this freedom is reflected in larger repair bills—but so far no communal effort has been made to try to bring this home to the motoring public, wbo ultimately bave to pay the price of freedom in premiums that are charged. Moreover, among motor insurers no one, for competitive reasons, wants to be the first positively to restrict policyholders' freedom.

Just as the private motorist is having to pay substantially more for his insurance, so also is the commercial vehicle user and the middle man in the motor industry, the trader-repairer. Many insurers bave been slower to increase "book rate" premiums in the commercial sector, partly because they bave been giving most of their time and effort to improving their private car accounts and partly because much commercial business is written on "fleet" terms which do not reflect "book rates." But inflationary effects are felt in the repair bills on lorries and coaches; at last commercial rates are rising, and in recent weeks one company has decided to withdraw completely from the motor fleet market.

If the average private motorist is bothered about the £30, or so be now has to pay for insuring bis saloon car, let him think of the baulier running his vehicles via the channel ferries deep into Europe: depending on the size of vehicle and route to be travelled, be may have to pay, for example, £1,000 a year premium per vehicle and meet all damage repair bills up to £250.

The motor trader-repairer is faced with rising insurance costs all round, and not just for his motor cover. In the last three years be will certainly have been called upon to pay more for fire and liability cover. Next year, if be does not already have employers' liability cover, he will have to comply with the new law and lay out premium for statutory insurance. Compared with his bills for labour, materials and services, the motor trader-repairer's insurance premiums will be small, but their inevitable Increase has eroded his margin and in part forced him to increase those charges which insurers are most anxious to contain.

### Poor risks

When one turns to the manufacturers, the overall picture of rising insurance costs is the same, but the premium impact is very different. Manufacturers' principal insurance expense must be in buying cover against fire and fire-like perils, and business interruption. In the last few years the motor manufacturing industry bas had its share of million-pound fires as well as a number costing more than £100,000 each. Modern factory methods demand open planning, and open plan factories can be poor fire risks unless they are properly sprinklered. All sections of the motor manufacturing industry have had recently to face substantial increases in fire premiums, and must now face considerable pressure from insurers to instal more effective fire prevention devices.

As with tbe middlemen, even more so wlth the manufacturers, when we consider the impact of compulsory employers' liability insurance. Those manufacturers who have carried their own risk and bandled their own claims, presumably on economic grounds, will now have to go into the market to buy cover and will bave to pay insurers for their services. A marginal increase in cost when considered against manufacturers' turnover, but nevertbeless one wbicb will add to their overall insurance bill and ultimately have to be taken into account when fixing the prices of next year's range of products and the spares to keep them running.

SOCIETY TO-DAY BY JOE ROGALY

# The economic consequences of Ralph Nader

R. RALPH NADER is the patron saint of the American middle classes. He formulates their questions; he expresses their fears; he fights their battles. At the present moment in their history the middle classes everywhere in the West are so perplexed, anxious, and in their own view helpless, that any competent leader with a modicum of charisma should find it possible to grasp their attention. Mr. Nader's success in the United States is largely explained by this public state of mind: it is why he himself is unimportant, while the reasons for his ascendancy are all worth studying.

## Doubted

That he is a man of standing and influence in his own country cannot be doubted. On more than one occasion I have heard Americans in a position to carry out their intentions explain in private how they plan to put him forward for the vice-presidency next year; he has even been chosen, by more than one opinion poll, as the man most likely to win the presidency if he ran. So far, he has had the good sense to ignore these siren voices: when I asked him this week if he has any plans at all to go into politics next year he replied simply "No."

Some of this status has rubbed off in London. The seminar that he addressed here on Monday was attended by more than a hundred middle and senior executives from many of the largest British companies, including Unilever, British Leyland-Shell, Cadbury Schweppes, ICI and Tube Investments. His followers recently criticised the Volkswagen: on Monday the managing director of Volkswagen GB Ltd. was there, with four of his colleagues.

When a previously unheard-of young man achieves this kind of fame within six or seven years, and does so by taking on the industrial Establishment with a bravado that many would envy, and then comes over to Britain ostensibly in order to tell us how to follow his precepts here, the natural reaction is to find fault; to probe his weak spots; to establish whether it might perhaps be possible to enjoy the intellectual and indeed patriotic pleasure of "shooting down Nader."

It has proved impossible to do this by reference to his private life, which is clearly both ascetic and dedicated. And an examination of the ideas that have come to be associated with his name is more likely to lead to a clearer understanding of middle-class preoccupations than a means of denting Mr. Nader's armour.

One American academic, Dr. J. Juran, attacked Mr. Nadar as a "demagogue" in talks he gave in Britain earlier this month. His argument against "consumerism" is that costs are so increased by things like the safety laws imposed on the motor industry and the control of pollution generally, that the movement is now likely to do more harm than good.

So far as the motor industry is concerned, this argument of Dr. Juran's is, to put it plainly, piffle. The motor car is one of the major killers and maimers of the 20th century: it is no more than common humanity to make it as safe as possible, by the strict regulation of the design of new models and the enforced testing and maintenance of those already on the road.

There is more room for argument when it comes to deciding tha most beneficial level of expenditure on the control of pollution. Such spending is, of course, a brake on economic growth in the old sense of the word (in which quantity was the only measurement and quality was ignored) and for this reason alone it would be unwise to accept every anti-pollution scheme simply because it is currently politic to improve the environment.

## Premature

But the movement in favour of improving the quality of life in industrial countries has not yet achieved anything like victories enough: cries of alarm are decidedly premature.

Mr. Nadar's collection of ideas is best looked at straight on, without previous intention to criticise. It is by all appearances, still just that—a collection of ideas; for to judge by what he was saying on Monday Mr. Nadar has developed his philosophy on the run rather than as a result of a number of years spent, say, sitting in the British Museum.

One aspect of these ideas, as I understand them, should be found particularly attractive by free market economists. For Mr. Nader said on Monday that the present Nixon policy of regulating prices and incomes coupled with an import surcharge, is an admission of failure: the right way to improve the American economy in his view is to increase competition and enforce the anti-trust laws.


Ralph Nader in London this week

This is a long-standing American belief, dear to the hearts of many of the middle classes over there even though at present it has been overlaid by widespread relief at the fact that Mr. Nixon is "doing something." Mr. Nader's target is the large corporation, the elephantine trade union, the immense Government bureaucracy. These are also the targets of many old-fashioned economic liberals, from Mr. Milton Friedman in the United States to the adherents of the Institute of Economic Affairs in Britain.)

To ask that companies that put out new products be forced to test them first is not a contradiction of this philosophy: nor is it illiberal to insist (as Mr. Peter Walker has insisted over here) that those who pollute must pay for the damage they cause. What is new is the American consumerist's insistence on approaching the subject from the point of view of the buyer. Boards that believe their responsibility to be primarily towards the shareholders, or even their employees, are now to be told that it is to neither, but rather to the customers and the public.

## Gadgets

I well remember the bewilderment that a number of General Motors executives expressed at this proposition when I visited them in Detroit in 1968: they must have been made fully aware of its import by now. The economics of it are not easy to fit into past theories; the morality of it can only be applauded by the middle classes, who are made irritable by the constant discovery that the gadgets, which they own in such profusion, tend to break down and prove difficult and costly to repair.

It might be said that that is all very well for America: things are different here. In many ways this is true. Safety laws have a long history in Britain; we have a Trade Descriptions Act, and "Which?" and the ghost of the Consumer Council. Our means of putting pressure on companies to improve their products must inevitably be different, for here there are no federal regulatory agencies, or senate committees.

Mr. Nader's information, and therefore presumably his advice, can be grievously wrong—as when he referred on Monday to the polluted air of London, apparently unaware that for the past decade one of the best clean air laws in the world has visibly been clearing up the city's air.

But what is not different is that the ordinary citizen will continue to feel helpless in this country, especially while industrial units continue to grow in size. Freedom to complain effectively is patently not guaranteed by competition in the private sector: and in the public sector, which pervades all our lives for most of the time, the machinery for righting wrongs is totally inadequate.

This was demonstrated again only yesterday, in a 616-page report from the Parliamentary Select Committee on Nationalised Industries. (See page 16.) The report is valuable not only for its conclusions, but for its many columns of evidence, which demonstrate the shocking complacency expressed by some of the managers of some nationalised industries, particularly the Post Office.

Such a report may appear to be evidence contrary to Mr. Nadar's assertion that information is even harder to obtain in Britain than in America. Yet the assertion itself remains correct, and it is perhaps the most telling point he has to make about British industrial society. Civil servants, boards of directors, officials of nationalised industries are all united in the great British faith that, whatever happens, the first rule is to prevent anyone from finding out.

A recent Bow Group paper, "How Open," which examines the Conservatives' promise of more open Government and their failure to deliver it, points out that even parliamentary select committees, some of which do good work, need to be strengthened by the addition of supporting staffs of experts.

## Priority

This kind of approach should be a first priority for those who seek to improve life in Britain. One reason why Mr. Nadar has been so effective is that, over in the U.S., there is a presumption in favour of giving information and a remarkable responsiveness on the part of many citizens. People are willing to find out, and to be bothered, and so they can effect changes.

In this country it would in many cases be impossible to acquire the necessary information, even if people were willing to make the effort to do so. The response to any call for changes based upon the revelation of the facts, which is Mr. Nadar's method, cannot be guaranteed in Britain as it can in America: when we find out why this is so we will have learned the most important thing his movement has to teach us.

Labour News

# 16,000 strike over Coventry lock-out

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

COVENTRY, Oct. 19.

NEARLY 16,000 Coventry engineering workers went on strike to-day in sympathy with more than 7,000 toolroom and other workers locked out as a reprisal for six Monday-only strikes.

All British Leyland's Triumph car factories were shut, with about 9,000 out for the day, as were about 4,500 Alfred Herbert machine-tool workers. Sterling Metals, part of the Birmid Qualcast foundries group, had 500 away. Other factories affected were Coventry Precision and Self-Changing Gears, a member of British Leyland.

But two other car factories that have been hit by the toolroom strikes, Chrysler and Jaguar cars, were working normally, as was the Massey-Ferguson tractor plant. Nor was there any disruption among the 400 workers at the Coventry and Ansty plants of Rolls-Royce, which has warned its 1,300 toolroom and associated workers that unless they accept the national agreement—giving them £4-a-week rise—on October 28 they will be refused work thereafter.

So far the most militant reaction to the lock-out has been from about 40 fitters at Triumph, who say they will strike indefinitely.

No industrial action was taken at most of the 50 or so factories involved in the Monday strikes to reinstate a 1941 agreement fixing rates for toolroom workers, fitters and maintenance engineers by giving them the average for skilled production workers earning just over £1 an hour.

A situation that threatened to engulf most of Coventry's 200 engineering factories, which use the toolroom rate as a yardstick, in a major conflict was defused last night when the toolroom shop stewards decided to ask the Engineering Employers' Association for talks on an interim across-the-board payment so that negotiations could start in a "free atmosphere." This is a significant change of emphasis. Hitherto they have demanded the interim payment—a continuation of the agreement cancelled by the employers on September 1—as a prerequisite to negotiations.

There will be round-the-table discussions to-morrow. The employers are unlikely to change their attitude that the "inflationary" agreement must be replaced by individual plant negotiations. They have offered an interim increase to facilitate these, but so far the engineering unions have not agreed.

# Atom men's unions hint at militancy

BY MICHAEL HAND, LABOUR CORRESPONDENT

UNION LEADERS of more than 000 atomic energy industrial workers put strong pressure yesterday on Sir John Hill, chairman of the U.K. Atomic Energy Authority, for an improved pay offer.

They had asked for a meeting with him after rejecting an offer of around 7 per cent. earlier this month. During yesterday's talks they made it clear that they wanted an increase in the total amount of money made available for any new agreement and would not be satisfied with a readjustment of the present offer.

Mr. Ken Baker, of the General and Municipal Workers' Union, said afterwards that the negotiators had strongly emphasised the inadequacy of the offer, while Mr. John Cousins, of the Transport and General Workers, hinted that militant action was on the cards unless there was an improvement when the two sides meet again next Wednesday.

Mr. Cousins also said he regarded the negotiating procedure as having been exhausted and he rejected any idea of the unions' claim for a substantial increase in basic rates and other improvements being referred to the Industrial court.

The unions clearly suspect the Government is bringing pressure to bear on the Authority to stand firm on the present offer, which is pitched at what Ministers regard as an acceptable level in the present phase of their pay strategy.

With the present offer craftsmen would get an increase of 7.84 per cent. on basic rates and non-craft workers 6.87 per cent. This would mean skilled men getting an extra £1.67 a week on their present rate of £24.28 and general workers an increase of between £1.17 and £1.39 on their present rates of between £17.71 and £21.34.

In a statement after yesterday's meeting the Authority said the unions had been given an undertaking that the points they made would be carefully considered and a reply would be given soon.

### TV UNION BANS DRAMA LOCATION WORK IN GREECE

Plans to disrupt a new £250,000 BBC television drama series are being made by the Association of Cinematograph and Television Technicians—because part of it will be filmed in Greece.

The union has banned its members from working on location with the 13-part series, called "The Lotus Eaters" and starring Ian Hendry. Three weeks' location work is planned to start in Crete at the end of November.

The ACTT has adopted a policy vetoing any film work that involved Greece—except newsreels—until a democratic Government is re-established.

Other labour news Page 35

# CEGB agrees to European reactor know-how exchange

BY DAVID FISHLOCK, SCIENCE EDITOR

THE Central Electricity Generating Board (CEGB) has agreed in principle to join four other major European electrical utilities in pooling experiences with a new type of nuclear reactor, the high-temperature reactor (HTR).

Agreement was reached at a meeting in Dortmund attended by Sir Stanley Brown, the CEGB chairman, who said afterwards "It could be the start of something big" in European collaborations.

If such a "club" were formed for the HTR, another could quickly follow to share experiences with the fast "breeder" reactor.

Another meeting is to be arranged in December, when a joint company called Euro-HKG may be formed, pooling the high-temperature reactor interests of the CEGB, Electricité de France, ENEL in Italy, and two W. German utilities, RWE and VEW. A sixth member of the "club" would be Hochtemperatur-Kernkraftwerk, the company constructing (with W. German Government funds) a prototype HTR.

If full agreement is achieved this will be the first formal collaboration between the CEGB and European utilities. In fact, co-operation between customers has been the missing factor from a European nuclear industry scene slowly reorganising itself on a much stronger commercial basis through collaboration.

The HTR is an excellent system with which to launch a co-operative venture, for it is clear that although a major development effort must still go into the system—British estimates put the sum at £32m.—it is likely to find an important place in the 1980s.

Britain, as the main supporter of the OECD Dragon experimental reactor in Dorset, and the W. Germans, who have an experimental reactor, at Julich and last year began to build their 300 MW prototype at Schmehausen near Hamm, are the European nations most experienced with the system.

But Gulf-General Atomic, with the third HTR prototype in the U.S. and with contracts to start building two commercial stations for a U.S. utility in 1974, is now seeking a European partner.

The unusual terms of the Gulf contracts could prove to be the equivalent for the HTR of the "loss leader" contracts of the mid-1960s, starting with Oyster Creek in New Jersey, which marked the commercial breakthrough of the light-water reactor.

The West Germans have shown special interest in the possibility of operating HTRs on the thorium fuel cycle, thorium being a fissile material at least as abundant as uranium, which the reactor converts to a new kind of fuel, uranium-233.

The German Government concluded a pact with India earlier this month for the exploitation of India's considerable thorium reserves.

Saleroom

# Victorian paintings fetch £73,086

SOTHEBY'S Belgravia yesterday held its first sale at the new sale room at 19, Motcomb Street. The sale, of Victorian paintings, realised £73,086.

Green gave £7,200 for *The General Post Office (one minute to six)* by George Elgar Hicks, and Leger £3,800 for *The Rivers of Life*, a set of five panels by Sir Edward Burne-Jones of three paintings by Frederick William Watts *A River Landscape* went to Green for £3,600. *A Water Mill by a Lock Gate* to Miles for £2,500 and *A Wooded Summer Landscape* to Hudson for £2,100. Two still lifes by Edward Ladell were acquired by McConnal Mason for £2,400 and £2,000 respectively.

*The Measure for the Wedding Ring* by Michael Henry Halliday went to the Fine Art Society, and *Oriana* by William Holman Hunt to Hartnoll and Eyre for £1,800 each; *The Schoolroom* by William Bromley to an anonymous buyer for £1,700 and *City Docks by Moonlight* by John Atkinson Grimshaw to Rogers for £1,600.

At Sotheby's in Bond Street, a sale of Continental pottery and porcelain realised £11,518. Watson gave £560 for an early 17th century Paduan dish of Candiana type and Hoff Antiques £540 for a Meissen yellow-ground spice stand. A 36-piece Meissen and Berlin composite tea, chocolate and coffee service went to Elbé and a 32-piece Meissen part dinner service to Langeloh, each lot for £500.

In Sotheby's book room, the second session of a three-day sale of printed books, the former property of the late Roger Senhouse, realised £11,202. Lyon paid £580 for two volumes of Stothard's drawings made for the Atlas pocket books and Traylen £320 for William Beckford's copy of Kennedy's *Fitful Fancies*, Edinburgh 1827.

A sale of English drawings and water colours, Old Master, English and modern prints at Christie's totalled £22,482. A water colour by William Huggins of *A Lion and Lioness resting* signed and dated 1872 was bought by O. and P. Johnson for 540 gns. Pryor paid 220 gns for *Figures on a Bridge near a Cottage*, by John Linnell. An Albrecht Durer print of four naked women sold to Morris for 240 gns.

At Phillip's £15,500 furniture sale, N. Adams paid £600 for a Sheraton period rosewood games and work table and £560 for a Sheraton mahogany bow-fronted sideboard. Three Regency nursing chairs went to Brendling for £520, and a transitional style marquetry commode to Nyman for £420.

Top price at Phillip's £3,?16 Stevengraph sale was £110 paid by Wilson for *HMS Majestic*.

At Bonham's, a silver sale totalled £8,199. Pettit paid £950 for a pair of George III table candelabra (139½ oz.). Silvermann £410 for a 70-oz. Victorian tea and coffee service, and Shure £350 for a 51½-oz. salver by E. Coker and E. Capper, 1760.

# Eagle Star finances Rank plans

THE Rank Organisation has reached agreement in principle whereby Eagle Star Insurance is to subscribe privately at par for £15m. 10 per cent. first mortgage debenture stock 1996. The proceeds will be used to develop properties in the Organisation.

The stock is expected to be issued by a new subsidiary to be formed by Rank and will be secured by first fixed charges on properties acceptable to Eagle Star. Rank will guarantee the stock.

Unless otherwise agreed, the subsidiary will be obliged to subscribe not more than £5m. nor less than £2m. of the stock in any period of 12 consecutive months and the stock will be full issued by December 31, 1975.

After five years from the first issue, a cumulative sinking fund will commence to operate at such a rate as to redeem not less than 50 per cent. of the stock by 1996.

## OBITUARY

Mr. Abram Rupert Neelands, managing director of the Cementation Company for 32 years, chairman for eight years, and honorary president of the company since 1961, has died at his Chelsea home, aged 90.

# COMPANY NEWS + COMMENT

## Securicor profit exceeds £1m. mark

PRE-TAX profit of Securicor, the Associated Hotela subsidiary, topped £1m. for the first time in the year ended October 1, managing director Mr. Keith Erskine announced yesterday.

Unaudited profit was up from £913,000 to £1.1m. and turnover from about £20m. to £25m. of which £8m. was overseas. Ten years ago profit was £30,000 and turnover £500,000.

Mr. Erskine commanted that growth had been consistent and organic—"almost without benefit of acquisition or capital injection."

No rigbts issue by the parent companies (Associated Hotels/Kenaington Palace Hotel) is on the horizon, be said.

For Security Transport and Paypak Mr. Erskine records that only £123,000 out of about £20,000m. carried in the last year waa stolen.

The other services:—help linkline, store detectives, photo-identification, burglar and fire alarms and other security services have "steadily advanced," and overseas turnover and profits rose.

In ten main branchea computer terminals are being installed, linked to the data processing centre, and are now functioning at full efficiency. Despite increased turnover, the Board has been able to reduce HQ staff by half and close two of the bigger London premises.

Mr. Erskine said Kensington Palace Hotel would sbow a "satisfactory" profit increase when figures were audited. Securicor was becoming more and more the major element in the group and contributing up to 80 per cent. of group profits before tax.

Associated Hotels also should show another substantial profits increase and the botels businesses looked forward to the future "with confidence."

**● comment**

The unaudited figures from Securicor may well imply a modest understatement of the audited outcome rather than a slowdown in the growth rate between the two halves from 25 to 17 per cent. in pre-tax profits. But the expectations about the hotels, Kensington Palace on the one band where a modest improvement waa achieved in the year, and Associated on the other, where the gain is described as substantial, produces an interesting reversal in the potential growth ratings of the two quoted groups. For growtb of say a fifth from Associated's hotels would, with the KPH contribution, lower tax, and some preference gearing, produce an earnings gain of nearly 30 per cent. to 5.6p The estimate for KPH would be 7.8p so there may be some rearrangement to come between the prices of the two, respectively 208p and 250p.

### INDEX TO COMPANY HIGHLIGHTS



## Assoc. Book looks to second half

CURRENT YEAR trading profit of Associated Book Publisbers will depend largely upon the degree of recovery achieved by the Canadian subsidiary, and may not match the outcome of 1970—£879,116—the directors state. But profit attributable to holders is expected to be similar to the £282,766 of 1970, they add.

The second half is likely to be more profitable than that of 1970. Although first-half turnover advanced from £3,840,000 to £4,178,000, trading profit was down from £432,000 to £350,000 reflecting difficult conditions in Canada.

In the U.K. buoyant trading since the postal dispute in February has done much to nullify its harmful effects on profits. Australian first-half profits are slightly lower but it is expected that those for the full year will show an improvement, the directors state.

In Canada, costs bave increased as a result of a move to new premises and the opening of a new distribution centre. This, combined with a recession in that country and in the U.S., baa resulted in significantly reduced profits.

| | Half-year 1971 £000 | 1970 £000 |
|---|---|---|
| Turnover | 4,178 | 3,849 |
| Trading profit | 350 | 432 |
| Depreciation | 50 | 53 |
| Interest payable | 37 | 42 |
| Pre-tax profit | 263 | 337 |
| Taxation | 115 | 159 |
| Minorities | 25 | 40 |
| Attributable | 123 | 138 |

An unchanged interim dividend of 6 per cent. is declared. The 1970 total was 16 per cent.

**● comment**

The 22 per cent. drop in first-half pre-tax profits at Associated Book Publishers is mainly the result of a drastic downturn in its Canadian printing activities which have been hit by the North American recession. This subsidiary normally contributes 25 per cent. of the annual profits. At bome an average 10 per cent. rise in marketing, raw material and labour costs pared margins, for although new titles matched these increases, back lists tended to lag behind. As ABP's main publishing fields are education and law, the drain here could have proved serious. Nevertbeless, the current half seems encouraging enough with Canada expected to show an improvement, and many more new titles coming out in the autumn than in the first six months. At 400p the shares have risen 58 per cent. from their 1971 low, but the p/e of 11½ on the unchanged earnings forecast for the year still leaves scope for improvement against the FT Newspapers and Publishing sector's 17.7.

## Business Computers setback

BECAUSE of a severe downturn in U.K. demand Business Computers has had to reduce margins, and this has led to a loss of £283,000 in the six months to June 30, 1971.

There is no interim dividend. In 1970 the company paid a 12½ per cent. interim and a similar final; profit for the half-year was £107,000 and for the full year £415,000, excluding associates.

| | First half 1971 £000 | 1970 £000 | Year 1970 £000 |
|---|---|---|---|
| Sales | 915 | 1,193 | 3,275 |
| Loss before tax | *283 | 107 | †415 |
| Holding company | 227 | †106 | †516 |
| Subsidiaries | 56 | †1 | 101 |
| Assoc. loss | 37 | — | 12 |
| Total loss | 320 | 107 | 403 |
| Tax relief | 88 | ‡45 | ‡184 |
| Outside holders | — | — | 25 |
| Net loss | 232 | †59 | †244 |

* After depreciation £16,000 (£11,000 and £27,000) and interest £20,000 (£11,000 and £34,000). † Profit. ‡ Charge.

Losses have continued since June 30; it is anticipated they will continue during the final quarter but at a declining rate.

Present improvement in order intake levels is not materially going to be felt in 1971 nor will the benefits of the new range and new markets.

Borrowings have been contained and the directors ara confident there are adequate facilities, to support the development and expansion; they are confident that "we should relatively quickly restore our rate of profit to its former levels."

## Recovery at Group Lotus

FIRST HALF (25 weeks) 1971 pre-tax profits of the Group Lotus Car Companies at £324,000, exceeded those of the comparable 1970 period by £203,000, and are already £3,000 ahead of the figure achieved for all of that year. Turnover was down from £2,633,000 to £2,275,000.

In view of the improvement in current trading, and the Board'a assessment of prospects, an interim dividend of 15 per cent. is declared. For 1970, wben the £321,000 profit showed a reduction of some £286,000 on tha previous year, the dividend total was cut from 42½ per cent. to 20 per cent. —there was no Interim.

Commenting on the results, the directors say the recovery in margins continued, arising from the elimination of unprofitabla methods of trading.

Since June sales in the domestic market have increased and demand from the U.S. haa improved, but sales there are subject to delivery delays arising from American dock strikes, they report.

The Elan Sprint Introduced In the spring has been "well received" and the company has just announced an improved version of the Europa fitted with the Lotus twin-cam engine.

| | First half 1971 £000 | 1970 £000 | Year 1970 £000 |
|---|---|---|---|
| Turnover | 2,275 | 2,638 | 4,932 |
| Exports | 1,000 | 1,124 | 2,000 |
| Profit | 324 | 121 | 321 |
| Profit after tax | 194 | 69 | 183 |

Chairman Mr. Colin Chapman said last nigbt: "We are looking for better results in the second half of tha year than those for the first aix months—and we are hoping to pay a better final dividend than the interim."

**● comment**

Gronp Lotus has recovered well from its 1970 setback with virtually all of the first-half increase coming from loss elimination following a cutback on racing car activities. Generally, sales at bome are booming currently but the picture is less rosy elsewhere. Exports to America bave been hit by the U.S. dock strike and the prospects are not enhanced by the new Import surcharge; on top of this demand in Europe is currently depressed. However, when the U.S. dock atrike reaches settlement the present concentration on touring cars should lesve Lotus with a firm trading platform. Doubling up the first-half profits performance puts the shares at 82p on a proapective p/e of 12. That seems fair enough in view of the patchy record and until the picture in the U.S. (a quarter of the sales total) is normalised.

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### DIVIDENDS ANNOUNCED

| | Current payment % | Date of payment | Corre-sponding div. % | Total for year % | Total last year % |
|---|---|---|---|---|---|
| Abrasives Intnl. ......int. | 8 | Nov. 28 | 8 | (g)— | 20 |
| Associated Book ......int. | 6 | Nov. 1 | 6 | — | 16 |
| Business Computers ...int. | Nil | — | 12½ | — | 25 |
| Ceylon Timber & Rnbber | 8 | — | 8 | 8 | 8 |
| David Charles | 19 | Dec. 13 | 16 | (b)33 | 30 |
| Globe Investment | 7½ | Dec. 30 | 7 | — | 15½ |
| Group Lotus ......int. | 15 | Dec. 10 | Nil | — | 20 |
| Gomme Holdings | 25 | — | 21 | 35 | 30 |
| James Harrison ......int. | 10 | Dec. 4 | 10 | — | 20 |
| Highland Distilleries | 20 | — | 19 | 30 | 29 |
| Highlands & Lowlands int. | †1.25p | Dec. 8 | 1.25p | — | 8p |
| Kamunting Tin | †5p | Dec. 7 | 6.25p | (e)7½p | 8.75p |
| Leigh Mills | Nil | — | 5 | Nil | 5 |
| F. J. C. Lilley ......int. | 4 | Nov. 11 | *4 | — | *12 |
| London Investment ...int. | (d)3 | Nov. 25 | 2½ | — | 6½ |
| Marshall's Universal ...int. | 13 | Nov. 29 | 10 | — | 22½ |
| Nantyglo & Blaina | 10 | — | 8½ | 10 | 8½ |
| Rawling Bros. ......int. | 5 | Dec. 17 | — | (f)— | — |
| Rediffusion TV | 13½ | Nov. 17 | 6½ | 20 | 6½ |
| Sterling Guarantee ...int. | 6 | Nov. 30 | 4 | (g)— | 10 |
| Titaghur Jute ......int. | Nil | — | Nil | — | 7½ |
| Trident Television | 18 | Nov. 19 | — | (c)25 | — |
| Charles Winn | 7½ | — | Nil | 7½ | Nil |

* Equivalent after allowing for acrip issue. † Amount per share.

(a) Tax free. (b) On capital increased by rights and/or acquisition issues. (c) Total 15 per cent. was forecast. (d) Corrected. Increase is to reduce disparity—final of not less than 3½ per cent. forecast. The dividend was incorrectly attributed to London Trust in yesterday's table. (e) On 15p (25p) shares. (f) Total of 20 per cent. already forecast. (g) 20 per cent. total forecast.

## D. Charles tops its forecasts

BUILDING contractors and property developers David Charles has beaten its profit and dividend forecasts for the year to June 30, 1971, and loks for further growth.

Profit was forecast to exceed £810,000, and in the event has reached £851,381; against the promise of not less than maintenance of 30 per cent. on capital increased by rigbts and conversions issues, the dividend total is 33 per cent., the final being 19 per cent.

Earnings per sbare are stated at 6.8p (6.0p) and fully diluted at 6.6p (5.4p).

| | 1970-71 £ | 1969-70 £ |
|---|---|---|
| Turnover | 12,132,000 | 11,003,000 |
| Trading profit | 885,193 | 786,943 |
| Loan stock interest | 33,812 | 60,000 |
| Profit before tax | 851,381 | 726,943 |
| Taxation | *250,721 | 344,671 |
| Net profit | 570,660 | 382,272 |
| Preference dividend | 37,500 | 37,500 |
| Interim Ordinary | 109,981 | 79,800 |
| Final Ordinary | 149,232 | 75,200 |
| Retained | 273,967 | 189,772 |

* Including £43,544 written back (£14,128 additional charge).

The directors report that all trading operations have contributed to the record result so that profits are now being earned on a cootinuing basis from a wide spread of construction and development related activities.

Current trading is in advance of the level at this stage last year. The company is soundly based and well prepared for the expansion in business activity to be expected in the year ahead; "a further increase in profits can be predicted with confidence."

Meeting, November 18.

**● comment**

Thanks to improvements in all three divisions, David Charles has exceeded its February forecast by 5 per cent. and lifted 1970-71 pre-tax profits by 17 per cent. Last year, about 40 per cent. of group profits came from bousing, 40 per cent. from construction and commercial and industrial property developments and the remainder from services (primarily plant hire. All three divisions are continuing to do well in the current year, although it is expected that housing will contribute an increasing percentage of group profits as well as the present upswing in demand works through to profits. So with an excellent five-year record to reassure shareholders, the shares at 76p on a fully diluted p/e of 11.4 could go higher.

## Marshall's Universal goes ahead

MR. F. W. HARRIS, chairman of Marshall's Universal, the general industrial group, reports a substantial improvement and another peak performance both in first half turnover and profits, and confidently expects that results for the full year 1971 will again be a record.

First half turnover expanded by £1.6m. to £6.6m., pre-tax profit advanced from £351,000 to £424,000, and the net applicable balance, after tax and minorities, went up from £153,000 to £181,000.

The interim dividend is raised from 10 per cent. to 13 per cent. The 1970 total was 22½ per cent. paid on pre-tax profit of £680,000.

Mr. Harris says the forward atrides are largely attributable to increased activities in the motor vebicle and accessory compenies, both in the U.K. and East Africa.

He reports that distribution of Peugeot vehicles in the South East of England bas been in excess of target. Although sales have exceeded expectations it is only the first phase of the planned expansion in group territory and the country as a whole which, over the next few years, envisages multiplication of turnover and substantial increases in the size and number of establishments for handling the increase in trade.

Commenting on 1971 prospects, Mr. Harris points out that the group trades in several countries and transactions are regularly conducted in six different currencies. "Understandably the unsettled international monetary situation presents problems and increases the difficulties of forecasting accurately, but trade within the group is continuing at a buoyant level," he says.

| | Half year 1971 £000 | 1970 £000 | Year 1970 £000 |
|---|---|---|---|
| Turnover | 6,654 | 5,029 | 10,628 |
| Profit | 424 | 351 | 680 |
| U.K. tax | 83 | 69 | 129 |
| DTR | 44 | 31 | 63 |
| Overseas tax | 154 | 113 | 233 |
| Total tax | 193 | 151 | 294 |
| Profit after tax | 231 | 200 | 386 |
| Minorities | 50 | 47 | 88 |
| Applicable | 181 | 153 | 298 |

Cost of the Ordinary interim is £42,774 and the total due to Participating Preference bolders for the half year £4,200, leaving £134,000 of the applicable profit to be utilised in financing developments.

**● comment**

Taking out the initial contribution from last year'a two U.K. acquisitions leaves Marshall's Universal with six-month organic growth of 11 per cent. pre-tax. This is largely due to the success of the Peugeot sales in both East Africa and the U.K., which now contribute about 60 per cent. of total group sales. Overall, East Africa accounts for some 70 per cent. of group pre-tax profits. While the 20 per cent. volume growth in EA Peugeot sales was small compared to the U.K.'s 60 per cent. boom, the resulting U.K. profitability was reduced by the development programme and the EA operation did contribute more to this half's profits. Although thia pattern will probably continue into the middle of 1972, all the other divisions in both Africa and the U.K. are doing well and the third-quarter's figures are well ahead on last year. Against £750,000 pre-tax over the last 12 months, MU should turn in at least £800,000 if not £850,000 in the current year. So on a maximum prospective p/e of just over 8 at 233p, the shares are over discounting the low quality tag on African earnings.

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## F. Lilley interim again 4%

AS THE order book is satisfactory and long-term prospects are viewed with optimism, the directors of F. J. C. Lilley are effectively maintaining the interim divideod at 4 per cent.

Including results of A. Waddington and Soo (acquired from December 3, 1970), the group bas incurred a loss of £89,266 for the aix months to July 31, 1971, compared with a profit of £195,890.

However, this is no real guide to the year's results, the directors stress. The first half has been affected by exceptional difficulties on contracts now virtually completed on which substantial claims are being made; contract results bave also been hit by cost inflation on fixed price contracts and the general tightoess of money.

| | First-Half 1971 £ | 1970 £ |
|---|---|---|
| Turnover | 4,320,594 | 3,437,137 |
| Trading profit | 82,221 | 333,154 |
| Interest paid | 11,059 | 19,694 |
| Loan stock interest | 18,562 | — |
| Depreciation | 141,876 | 117,580 |
| Loss before tax | 89,266 | *195,890 |
| Taxation | — | 88,000 |
| Net loss | 89,266 | *107,890 |

* Profit.

The group's business is that of civil engineering and public works contracting, with emphasis on main drainage and sewers, water mains, deep foundations, etc. In the year ended January 31, 1971, its profit was £472,409 and its dividend equivalent to 12 per cent.

**● comment**

After the rapid growth that Lilley has ahown of late, the 1971 interim figures, a £285,000 turnround into losses, is a disappointment. Troubles have been encountered in five or six contracts, necessitating a change of design, and substantial losses have been incurred. However, claims, including one for £250,000, have now been submitted to various local autborities. It ia in doubt, though, whether these claims wilt be settled in the current year. So by and large the short-term prospects for Lilley might seem bleak. But an historic p/e of 10.1 at 64p has the support of the maintained interim dividend, a comforting level of orders in hand and the possibility of a normal return on the claims.

Statement p35

## Charles Winn paying 7½%

Despite the continuance of conditions which necessitate the conserving of resources, Charles Winn and Co. reports profits—£84,664 (£42,349) for the 53 weeks to July 31, 1971—which enable resumption of dividends. A payment of 7½ per cent. is recommended.

First half pre-tax profit was £53,200 (loss £17,000). The company mannactures high-grade valves, etc.

| | 53 wks. 1970-71 £ | 52 wks. 1969-70 £ |
|---|---|---|
| Trading profit | 126,529 | 95,736 |
| Interest payable | 41,865 | 53,387 |
| Profit | 84,664 | 42,349 |
| Net profit | 80,564 | 12,981 |
| Taxation | 4,100 | 29,368 |
| Tax written back | 25,900 | — |

## Kamunting Tin pays 7.5p

Kamunting Tin Dredging recommends a final dividend of 5p, making 7½p per 15p share for the year to March 31, 1971. For the previous year a total of 8.75p was paid on 25p shares prior to a 10p repaymant.

Profit contracted from £582,691 to £516,274, before tax.

| | 1970-71 £ | 1969-70 £ |
|---|---|---|
| Profit | 516,274 | 582,691 |
| Taxation | 224,000 | 245,000 |
| Net profit | 292,274 | 337,691 |
| Transitional relief | 25,105 | -25,633 |
| Dividends | 300,938 | 351,094 |
| Forward | 183,648 | 180,207 |

### UNIT TRUSTS

## Keyser Ullmann buys Swiss fund

The Keyser Ullmann Group, in association with British Controlled Oilfields, bas acquired a controlling interest in Capdirex SA, the management company of the Swiss mutual fund, Fonselex.

This move, following Keyser's entry into the unit trust field in the U.K., is described as "a logical extension of the bank's investment activities." The purchase has been completed with the full agreement of the shareholders.

The present investment managera will continue to manage the fund on a day-to-day basis, and the Management Company and Investment Advisory Boards are to be augmented by representatives from KU and BCO. Mr. G. H. Dees, Mr. G. A. Naggar and Mr. J. Rosefield have been appointed managers of Capdirex SA and will join the Board.

Fonselex, formed in 1966, is a fund of SW.Frs.50m. (about £5m.) and the share price bas increased from Sw.Frs.1,040 at inception to Sw.Frs.2,453 at present. It is intended that the fund abould continue to be offered to the public.

Since the inception of the fund in January, 1970, the offer price of distribution units has risen 14.9 per cent. On the latest sub-scription day the offer prices of distribution and accum... units were 63.4p xd and ... respectively and the ... £2.89 per cent.

### GLEN FUND

Transatlantic and General Securities Company announces that the interim distribution on income units of the Glen Fund, will be 0.550p net per unit (0.833p last year for nine months period) payable on December 15.

### MONEY MANAGEMENT & UNITHOLDER

In the October issue of M... Management and Unitholder ... leading article examines ... impact which the growing ... of property bonds is making ... other forms of investment. ... well as explaining the vari... problems associated with property investment, there is an individ... assessment of the progress of each property bond.

Also in the October issue is an article on investment trusts making the point that they would do well to look more closely at their pioneering roots when they took the lead with courageous in-vestment policies rather than sticking to the well-trodden path.

Other articles cover the effect of capital gains tax on unit trust investors, the Scott Committee and a long term assessment of unit trust performance.

### ISSUE NEWS

## Short-term local loans

Arrangements have been made for the placing of the following local authority loans.

Coathridge Corporation (£½m.), West Shropshire Water Board (£½m.), Borough of Rhondda (£1m.), Aberdare Urban District Council (£1m.), London Borough of Enfield (£1m.), St. Neots Urban District Council (£½m.), County Borough of Tynemouth (£1½m.), Gloucester City Corporation (£½m.), County Borough of Luton (£½m.), London Borough of Southwark (£1m.), County Council of the County of West Lothian (£½m.) and the Borough of Dover (£½m.) are all issuing 5¾ per cent. Bonds due October 25, 1972 at £99½ per cent.

Winsford Urban District Council (£½m.) and Gloucester City Corporation (£½m.) are issuing 5¾ per cent. Bonds due April 25, 1973, at par, while the New Forest Rural District Council (£½m.) is issuing 6½ per cent. Bonds due October 24, 1973, at £99¾ per cent.

The County Borough of St. Helens (£½m.), Ashford Urban District Council (£½m.) and the Thames Valley Water Board (£½m.), are issuing 6⅝ per cent. Bonds due October 24, 1974, at £99¾ per cent.

The Royal Borough of Kensington and Chelsea are issuing £1m. 6¾ per cent. Bonds due October 22, 1975, at £99¾ per cent., while the London Borough of Richmond (£½m.) and the London Borough of Islington (£½m.) are both issuing 7⅛ per cent. Bonds due October 20, 1976, at £99¾ per cent.

Brokers Phillips and Drew in association with Morgan Grenfell placed the Aberdare, Enfield, St. Neots, Tynemouth, New Forest, Ashford, Thames Valley and Kensington and Chelsea Bonds while the St. Helens and Richmond Bonds were placed by Clive Discount Co. in association with Long Till and Colvin. S. G. Warburg and Co. placed the Islington and Southwark loans and in association with Long Till and Colvin the Luton and West Lothian Bonds. The Coatbridge, West Shropshire and Winsford Bonds were placed by Sbort Loan and Mortgage Co, and the placing of the Gloucester loans was arranged by Gerrard National Discount. J. and A. Scrimgeour in association with Long Till and Colvin were brokers to the Rhondda issue while the Dover Bonds were placed by Cater Ryder in association with Cater (Brokers).

### PENNINE MOTOR

Pennine Motor Group announces a rigbts issue of one new Ordinary 10p share at ... for every two shares held on the issued capital of £118,000 as in-creased by the acquisition of John Fewster, announced last month.

The issue, which is under-written by P. R. Grimshawe and Co., will raise about £96,000, and will substantially reduce the group's present borrowings and provide additional permanent capital for expansion and possible future acquisitions. The final dividend of 10 per cent. will not be payable on the increased capital.

### TWO WATER TENDERS

Underwriting has been completed for an offer for sale by tender of £400,000 Tendring Hundred Waterworks Company 10 per cent. Redeemable Preference Stock, 1976. Brokers to the Issue are Seymour Pierce and Co. Full particulars will be available October 22.

Brokers Dennis Murphy Campbell and Co. bave completed arrangements for the offer for sale by tender of £1.2m. Mid-Sussex Water Company 8¼ per cent. Redeemable Preference Stock 1976. Full particulars will be available to-morrow.

### DENMARK LOAN

The DM100m. Kingdom of Denmark 7¾ per cent. DM Bearer Bonds of 1971 have now been sold. The underwriting group was headed by Westdeutsche Landesbank Girozentrale, Hill Samuel and Co., Orion Bank, Privatbanken, Den Danske Landmansbank, Handelsbank, R. Henriques Jr.

### NEW DEALINGS

Dealings started yesterday in the Ordinary 20p shares of Derek Crouch. Offered at 80p the shares opened at 85p and closed at 8...

OTHER ISSUE NEWS

Quotations page 31 (Col. 8)
Gomme, Page 32.

# Substantial advance for Rediffusion Television

THE UPSURGE in profits at Thames Television has given a boost to Rediffusion Television in the year ended July 29, 1971.

Rediffusion's profit has more than doubled, from £1,023,784 to £2,287,092. The Ordinary dividend is being raised from 6¼ per cent. to 20 per cent., with a final of 13¾ per cent., and 6¼ per cent. Participating Preferred holders receive this time a maximum 8¾ per cent.

After tax £852,326 (£534,599), net profit was £1,434,766, against £489,185. Dividends absorb £1,190,000 (£461,500).

The profit includes for the first time the share of profits of Thames, in which Rediffusion has a 50 per cent. interest. The 1969-70 figures have been adjusted.

The capital of Rediffusion TV is held as to 50 per cent. British Electric Traction, 37½ per cent. Rediffusion Ltd. and 12½ per cent. others. Meeting, Stratton House, Piccadilly, W., November 16 at 11.30 am.

## Nantyglo & Blaina dividend up

PROPERTY and wholesale electrical distributors, Nantyglo and Blaina Estates is raising its dividend from 8¼ per cent. to 10 per cent. for the year ended April 3, 1971.

Turnover rose from £2,104,700 to £2,797,363 and profit from £136,842 to £209,811 before tax of £86,705 (£60,971).

The Board reports that turnover for the first five months to August is showing an increase over that for the comparative period last year, but sales have not increased at the same rate.

## Trident TV exceeds forecasts

BOTH PROFIT and dividend of Trident Television for the year to May 31, 1971—its first year as a unified company—are in excess of forecast.

Group pre-tax profit was £1,947,433, against £1,600,000 forecast, and a final dividend of 18 per cent. makes 25 per cent. against 15 per cent. foreshadowed.

Turnover was £17.7m., up £1.5m. on the combined figure for Yorkshire and Tyne Tees. The company was formed by the merger of the Yorkshire and Tyne Tees commercial television companies.

"I have no doubt that the results in the current year will match those of the year under review, and I shall be disappointed if we do not clearly demonstrate the further growth of which I believe Trident is capable," says Sir Richard Graham, chairman of Trident.

While Yorkshire and Tyne Tees remain responsible for their own programme production, economies have been introduced in administration and sales.

"We offer an increasingly attractive marketing area and have demonstrated our ability to sell that market. In a period of unusual inflation we have kept our own costs within reasonable bounds and, at the same time, our programmes continue to succeed in both the home and overseas market," Sir Richard adds.

In the next three years a further 15 relay stations will be built in the region linked to existing Yorkshire and Tyne Tees transmitters. These, together with the agreed transfer to Yorkshire in that period of the Belmont transmitter, would ensure the company's continuing development and success."

Meeting, Hyde Park Hotel, S.W., November 16 at noon.

See Lex

# Town and City SGT venture

Sterling Guarantee Trust is selling the Buck and Hickman Whitechapel property for £4m. to a new property investment company, which will be jointly-owned by Town and City Properties, with 60 per cent. of the equity, and SGT itself with the remaining 40 per cent.

As part of the deal, the £4m. consideration is irrevocably guaranteed by T and C which will also provide the day-to-day management of the new company and arrange the necessary finance for redevelopment of the property. The £4m. is payable to SGT within two years, and in the meantime interest will accrue on the purchase price.

Within the two years following completion of the development SGT will have the right to call upon T and C to buy the SGT holding in the new company. The price would be agreed at the time, and would be based on the then ruling net asset value independently assessed.

Buck and Hickman, tool distributors acquired by SGT earlier this year for £7m., will continue to trade from Whitechapel until the development takes place, probably in about 18 months' time. At that point the headquarters and London branch would be relocated.

At the same time the directors of Sterling Guarantee Trust announced that they are keeping to their May forecast of a doubled 20 per cent. dividend for the current year. An interim of 6 (4) per cent. is declared.

As stated a year ago, results for the first six months give no guide to the likely outcome for the full year due to the very seasonal pattern of sales in the company's retailing subsidiaries. The company and its then subsidiaries made a trading loss of £21,641 (after crediting £12,220 notional corporation tax on franked investment income) for the six months to June 30, 1971. Exceptional charges, amounting to £55,567 before any tax credit, resulting from accelerated refitting of branches, continuation of the branch closure policy, and reorganisation, were also incurred.

## Capitol back to profit

Action taken by Capitol Industries Inc., in which EMI has a 70 per cent. interest, to control costs has begun to be productive. For the first quarter of the current year sales have fallen from $34.1m. to $27.56m., but there is a profit, before extraordinary items, of $76,000 (2 cents per share) against a corresponding loss of $809,000 (17 cents).

Although this cost control will continue, future progress in increasing profitability will depend primarily on attaining higher sales levels.

Results for this quarter include two extra-ordinary items totalling $2.44m. (53 cents) net after taxes. The sale of the investment in Pickwick Intnl. resulted in a net gain of approximately some $7.07m., while a change to an alternatively acceptable accounting practice for product returns on exchange resulted in a net extra-ordinary charge against earnings of $4.64m. Had this accounting practice been in effect throughout 1971, the loss for that year would have been 1 cent lower than reported.

See Lex

## M & G TRUSTEE

M and G Securities announces that the distribution of income units of the M and G Trustee Fund for the accounting period April 19, 1971, to October 17, 1971, will be 1.451p (1.305p) net per unit, payable on December 7.

During the latest six-month period the offer price of income units rose by 28.6 per cent. to 105.1p. xd, compared with a rise of 28.8 per cent. in the FT-Actuaries All-Share Index.

## Highlands & Lowlands forecast

CURRENT YEAR profit in line with the 1970 pre-tax figure of £2,714,161 is indicated by the directors of Highlands and Lowlands Para Rubber Company.

Estimated profit for the first eight months is slightly more than the comparable figure a year ago. Rubber and copra prices are now lower, but palm oil and kernels are much the same as last year, the directors point out.

Rubber crop for the 9 months to September 30, 1971 was 11,014,780 (10,140,207) kilos, and realised prices for 8 months to August 31 were 14.6p (17.9p) per kilo; palm oil 25,905 (22,004) tons and £102 (same) per ton; palm kernels 6,129 (4,985) tons and £48 (£54) per ton; copra 1,001 (1,047) tons and £81 (same) per ton.

The interim dividend is maintained at 1.25p per 10p share. The 1970 total was 3p.

Statement p35

## Abrasives Int. to hold 20%

Abrasives International reports a fall in pre-tax profit from £64,000 to £50,000 in the half-year to June 30, 1971. The interim dividend is unchanged at 8 per cent.

The directors forecast a maintained total of 20 per cent., paid last year from profit of £140,000.

They attribute the profit reduction to lower turnover and a narrowing of margins caused in general by the economic climate. In addition, profits have borne certain development costs in connection with new products which in time will produce logical diversification.

In this situation they regard the results as satisfactory and are confident the group will benefit considerably when the expected improvement in trading conditions materialise.

| | Half year 1971 £000 | 1970 £000 | Year 1970 £000 |
|---|---|---|---|
| Turnover | 325 | 378 | 1,132 |
| Profit | 50 | 64 | 140 |
| Tax | 20 | 29 | 46 |
| Net profit | 30 | 35 | 94 |
| Minorities | 2 | 2 | 4 |
| Attributable | 28 | 33 | 90 |

The group makes descaling, decontaminating and metal finishing machines.

## BIDS AND DEALS

# Ozalid bids for Venesta

THE OPENING shots were fired last night in what looks set to become another bid battle, when Ozalid Company said it would make an offer worth £6.15m. for Venesta International, the graphics, packaging and construction materials group.

Ozalid, which has its interests mainly in office equipment, will offer shares and loan stock worth [illegible]p for each Venesta Ordinary compared with last night's unchanged 39p. It says it will also bid for the 32.7 per cent. of Kleizer Venesta not owned by Venesta on terms which value each KV Ordinary at 55p and the outstanding equity at £1.35m.

Immediate reaction of Venesta chairman Mr. Ronald Plumley, last night was to describe the bids as "ridiculously low" in view of Venesta's current recovery and the asset values of both companies. He also maintained there was no commercial or industrial logic in merging Venesta with Ozalid.

However, Ozalid's finance director Mr. N. J. Kiely held that Venesta's graphics business was "right in our orbit," and that Ozalid had for some time wanted to get into packaging which it saw as an ancillary to its own operations. As for Venesta's plywood side, there seemed to be rationalisation prospects and Ozalid could provide management necessary.

On behalf of Ozalid, Singer and Friedlander will make the following offers: for every 100 Venesta Ordinary, 13 Ozalid Ordinary plus £3 of 6¾ per cent. unsecured convertible loan stock. The stock will be convertible into Ozalid Ordinary on the basis of 36 Ordinary for every £100 nominal stock any time between January 1, 1972, and December 31, 1976. The stock remaining unconverted will mature for redemption in 1982.

It is proposed to arrange for the Ozalid shares—last night unchanged at 232p—to be underwritten.

For every 100 of the 6 per cent. First Cumulative Preference shares of Venesta will be offered £50 of the 6¾ per cent. convertible, and for every 100 of the 7½ per cent. Second Cumulative Preference £75 of the convertible.

The offer for KV will be £11 of the 6¾ per cent. convertible stock for every 20 KV Ordinary.

See Lex

## JOHN HAWKINS & GRANDSTON

John Hawkins and Sons (Holdings) and Grandston have agreed terms for the acquisition by Grandston of the capital of Hawkins.

The directors of Hawkins and their families and associates have sold their 715,312 Ordinary shares (53 per cent.) at £1 per share and 355,343 5½ per cent. Redeemable Cumulative Preference shares (48 per cent.) at 50p per share to Grandston and formal documents making offers on the same terms will be despatched to the remaining holders as soon as possible.

Hawkins is an unquoted holding company for a group which includes William Birtwistle Allied Mills (spinners, weavers and knitters), Osprey Estates (merchant converters) and John Hawkins and Sons (multiple retail drapers).

Grandston is a private company whose shares are held by Joseph, Maurice and Albert Menaged, who also own the controlling interest in Jackson and Steeple, Blackburn based group of spinners, weavers, dyers and finishers.

## DOYLE DANE TAKING OVER GALLAGHER SMAIL

Doyle Dane Bernach Inc., with billings of $300m. and estimated to be the sixth largest advertising agency in the world, is to take over Gallagher Smail, a London agency with billings of £3m.

Announcing this yesterday Mr. John Pringle, chairman of the DDB London company, said the acquisition would be by shares and cash based on a combination of future earnings and other factors and Treasury approval was being sought.

Mr. T. Gallagher will be appointed managing director of DDB in London, Mr. B. Waldron will be deputy managing and Mr. T. Smail creative director—all positions formerly held at Gallagher Smail. The total Board will eventually number 16.

The move strengthens DDB's management which has been without a managing director since Mr. D. Abbott left three months ago. It will also give Mr. Gallagher and his fellow shareholders (people in the agency) a stake in DDB Inc. The combined agencies will have billings of £6m., a staff of 123 and advertising accounts including Allied Breweries, Heinz and Volkswagen.

## ALLIED INVESTMENTS

Allied Investments and Nestor Nursing Homes are participating in the development of a private nursing home at Unsted Park, Surrey.

Equity of Nestor will be £40,000 of which Allied will subscribe half in cash and the other half will be subscribed in cash by Dr. M. J. Sinclair and Dr. H. R. Petty. Allied has the right to purchase the doctors' half in due course.

Dr. Sinclair has acquired control of shares in Allied previously held by Chanbank Nominees and Channel International Trust amounting to 25.9 per cent. of the total voting rights of Allied and he has been appointed to the Board.

Mr. J. A. Hemingway has been appointed chairman and continues as managing director. Mr. J. Barclay has been appointed a non-executive director.

The Board intends to increase the profitability of the company, both by internal growth and by acquisitions.

## WIGMORE BIDS FOR STOWE & BOWDEN

Wigmore Holdings, a private unquoted company which controls the Royds group of advertising agencies, is making an agreed cash offer of 10p a share for the quoted Stowe and Bowden Holdings. Holders of 54.4 per cent. of the S. and B. equity have already irrevocably agreed to accept the offer, which values the company at £330,000.

It is not the intention of Wigmore to retain the share quote of S. and B. The merger is aimed at creating a wider based advertising group, and the new company will have total billings in excess of £13.5m.

S. and B. has current group billings of £4.5m. Among its companies are London Progressive Advertising, Stowe and Bowden (in London, Manchester and Newcastle), and the W. J. Southcombe Advertising Agency. It also has a public relations subsidiary, Pressmark.

Certain directors and executives of S. and B. have agreed to purchase Ordinary shares in Wigmore at a price arrived at on the basis of valuations made by Price Waterhouse and Co. and by Sterling Industrial Securities.

The Board of S. and B. has been advised in the negotiations by Sterling Industrial Securities. Offer documents will be posted by Hill Samuel as soon as possible.

## PARWAY REMINDER

Shareholders of Parway Land and Investments are reminded that the offer for their shares by Associated Development Holdings closes at 3 p.m. to-morrow. Their attention is drawn to the circular letter last month in which their directors said they intended to accept in respect of their own holdings and recommended all holders to do likewise.

## WESTMINSTER TRUST

In response to the offer on behalf of Land Securities for the capital of Westminster Trust acceptances have been received in respect of 11,467,550 shares (more than 94 per cent.). The offer has been declared unconditional, subject to quotation grant for the Convertible Loan stock of Land Securities to be issued by November 2—it remains open.

The total of acceptances includes 6,743,636 shares (approximately 56 per cent.) for which undertakings to accept the offer were given, as mentioned in the offer document.

A meeting of holders of the 8 per cent. Unsecured Debenture stock 2001-06 of Westminster is to be held to-day at which a proposal will be put forward for the exchange of the stock for 8½ per cent. Unsecured Loan stock 1992-1997 of Land Securities.

## ASSOCIATES DEALS

Rowe and Pitman on October 18 bought 2,500 W. Wood and Son at 53p for Barrow Hepburn and Gale and last Friday bought for an associate of Grand Junction 545 Grand Junction at 159½p. Also on Friday they bought for an associate of Chloride Electrical 635 Chloride at 137p.

Rowe Swann on October 18 bought 3,000 Town Centre Securities at 62p for an associate.

## MINING NEWS

# Amax earnings drop by 27%

BY LESLIE PARKER, MINING EDITOR

IN ANNOUNCING net earnings of $11.82m. (£4.75m.), or 66 cents a share, for the third quarter of 1971 compared with $16.5m. for the same period of last year Mr. Ian MacGregor, chairman and chief executive officer of American Metal Climax, says that profits from iron ore and coal continued to increase during the quarter but that these only partially offset reduced income from other areas of operation.

Revenue from mining operations and from dividends continued to reflect inflationary cost influences and the low level of demand and prices for most metals. Labour stoppages in metal producing and consuming industries were also an adverse factor.

The 9-month net earnings come out at $44.15m. (£18m.) or $1.76 a share compared with $68.36m., or $2.79 a share, for the same segment of 1970. Then, $11.6m. of dividends from Roan Selection Trust were included. In the latest period only $7.2m. accrued from Roan Consolidated Mines.

In commenting on the U.S. Administration's recent economic actions Mr. MacGregor considers that it is too early to measure the effects on Amax's business but reinstatement of the investment tax credit should stimulate the production of capital goods. He adds that the company's international trade will depend considerably on the resolution of monetary and other issues currently being discussed by world leaders.

An industry-wide coal strike began in the U.S. on October 1. This, if prolonged, could have a "serious impact" on Amax's final-quarter earnings. The usual 35 cents quarterly dividend has been declared.

## MESSINA DEAL IN RHODESIA

The South African copper producer Messina has formed Messina Rhodesia Investments (Merits) which has purchased a substantial portion of the group's Rhodesian assets.

Messina gets 65 per cent. of Merits' equity and approximately £2.1m. in cash which will be utilised in reducing the parent company's short-term borrowings in Rhodesia. The balance of Merits' capital will be held as to MTD (Mangula) 25 per cent. and the Anglo American Corporation group 10 per cent.

It is estimated that Messina's consolidated net earnings for the year to next September will be reduced by approximately 1.5 cents a share. Among Merits' acquisitions is 100 per cent. of the capital of Lomagundi Smelting and Mining. This company has assets in the Alaska area of Rhodesia which will, it is stated, be more advantageously operated as one unit with resultant substantial cost savings.

Merits will also hold 1m. MTD (Mangula) and will have a 35 per cent. participation in any new business initiated by Messina in Rhodesia. The total value of the assets acquired is put at approximately £13.5m., half to be financed by capital and the rest by borrowings. Messina fell 2p to 218p yesterday.

## WESTERN MINING OUTPUT RECORD

A record output of nickel concentrates at Kambalda is reported by Western Mining for the four weeks to October 12. The 25,017 tons assaying 11.55 per cent. nickel compares with 21,957 tons of 11.91 per cent. in the preceding period and with the previous best of 24,777 tons last November.

Ore treated was 86,894 dry tons with a head grade of 3.71 per cent. nickel. It included 5,003 tons of purchased ore but was well below the peak 94,872 tons attained in August. The grade, however, is the best since last December's 3.94 per cent.

Magnetic concentrates stockpiled totalled 10,802 tons. The figure for the previous four weeks was 12,249 tons. Western Mining's annual meeting is to be held in Melbourne to-morrow. Yesterday the shares fell 7p to 113p.

## KLOOF'S FIRE

In Johannesburg yesterday Mr. Adriaan Louw, chairman of the Kloof gold mine, said that although the underground fire, which broke out on June 20, is still smouldering results for November and succeeding months should be normal both as regards tonnage milled and gold yield.

Two of the three diversionary crosscuts have now holed through but the fire area remains inaccessible to direct action.

## CONWEST SEEKS PARTNERS

At the Freddie Well base-metal prospect in the Youanmi area of Western Australia, a joint venture between Conwest Exploration (an offshoot of Canada's Conwest company), Geometals, Carr Boyd Minerals and Westralian Nickel, there have been further zinc and copper values but the Conwest directors say that, although wide intersections of zinc mineralisation have been encountered, work to date has not demonstrated the presence of an economic deposit.

The partners have thus decided to seek assistance from outside parties and are discussing participation with several major mining companies which are, however, unnamed. The diamond drilling programme has been suspended following the completion of 11,657 feet in 26 holes.

## IT'S UP TO THE TAX MAN

It was on August 20 that it had to be reported here that even the Australian tax men had joined in the shattering of the country's mining credibility. This was because of their reversal of a ruling which had led to Central Norseman and Gold Mines of Kalgoorlie, members of the Western Mining group, putting forward schemes for their future which subsequently had to be rescinded.

At the Central Norseman meeting in Melbourne yesterday the chairman, Sir Lindesay Clark, naturally said that the company did not agree with the tax department's second thoughts. Advice is being sought on how to take the matter further. When this is forthcoming a further statement will be made, but it is not expected at an early date.

Central Norseman expects to suspend gold producing operations by the end of next year. Possible alternative uses for the treatment plant are being investigated, but at present no suitable project has been found. In the meantime, as with GMK, it is not possible to estimate the value of the assets, especially in the light of the fact that the plant if broken up as scrap would be worth far less than if it could be used for nickel ore treatment.

## MINING BRIEFS

BISICHI TIN—September: Tin 63 tons, columbite 40 tons. Nine months to date, tin 531 tons, columbite 235 tons (same period last year, 592 and 257 tons respectively).

AFRIKANDER PROPRIETARY—September quarter: Sales 424,000 metric tons. Working profit R85,000, capital expenditure R12,000 and loan account R2,640,000.

TRANS-NATAL COAL — September quarter: Sales—coal 3,733,000 metric tons, coke 54,000 tons. Net group profit R1,963,000 and capital expenditure R333,000.

WITWATERSRAND DEEP and WESTERN ULTRA DEEP announce that an eighth deflection of borehole UD 18 on the farm Buffelsdoorn, about 1,530 metres east of the south-western corner of Western Deep Levels, intersected the Ventersdorp Contact reef at a depth of 2,458 metres. It assayed 42.82 grams per metric ton over a corrected width of 39 centimetres equal to 1,656 centimetre-grams (361 inch-dwts).

### OFFICIAL QUOTATIONS

Permission to deal in and quotation for the undermentioned security has been granted:—

Scot Meat Products—1,393,870 New Ordinary shares of 10p each, fully paid.

Hazell (Quinton) (Holdings)—196,429 New Ordinary shares of 10p each, fully paid.

Hepworth Ceramic Holdings—3,350,000 New Ordinary shares of 25p each, fully paid.

Hepworth Ceramic Holdings—4,662,000 Ordinary shares of 25p each, fully paid.

Larkfold Holdings—720,000 Ordinary shares of 25p each, fully paid.

Management Agency and Music—22,500 Ordinary shares of 10p each, fully paid.

Raybeck—669,790 New Ordinary shares of 10p each, fully paid.

Allnatt London Properties—£3,000,000 9¼ per cent. 1st Mortgage Debenture stock 1996-2001, partly and fully paid (A/L fully paid).



## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1971 High | 1971 Low | Stock | Closing Price p | + or — | Div. Amount | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Anglo-Am.Ind.Op.(R1) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Do. Do. Defd.(R1) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Caravan Co. (Hldgs.) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Continental Sec. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Crouch (Derek) (20p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Dawson & Newman | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | EmpressServ.(10p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Francis Parker 10p | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Grand Met. Warrants | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | McKechnie [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Slater Walker Sec. W'rr'nts | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Slater W. Inv. Tst.(50p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Tiger Oats | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Tr'falg'r Ho. 'B' W'r'ts | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Uniteck 10p | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Yule Catto (10p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1971 High | 1971 Low | Stock | Closing Price £ | + or — |
|---|---|---|---|---|---|---|---|
| £100 | P.P. | 29/10 | 104¾ | 100⅝ | Grand Met 9½% Dns. '77/79 | 104¾ | — |
| £100 | £50 | 29/10 | 56 | 64¾ | Do. Do. 4¾% Conv Pref | 66 | — |
| £100 | £25 | 14/1 | 53¾ | 26½ | Guinness (A.) 10% Ons. 1995-98 | 33 | -½ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1971 High | 1971 Low | Stock | Closing Price p | + or — |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Anglo-Welsh | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Do. Warrants | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Brit. Petroleum | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Cecil Warrants | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Energy Investors Dfd. | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Vaal Reefs | [illegible] | [illegible] |

Renunciation date usually last day for dealing free of stamp duty. [illegible]

# Alcoa earnings fall 77% in third quarter to $4.1m.

BY JUREK MARTIN — NEW YORK, Oct. 19.

THE DISTRESSED state of the U.S. aluminium industry was underlined most graphically here by the announcement that the largest producer, Aluminium Company of America (Alcoa) hed seen its earnings fall by 77 per cent. in the third quarter of this year.

In the period, Alcoa earned only $4.1m., or 16 cents e share, down from $18.1m., or 82 cents a share, in the same quarter last year. Sales were down by 17 per cent. to $318.5m. from $385.2m.

In the first three quarters of the year, Alcoa's profits amount to $45.2m. ($2.01 a share), 43 per cent. under the $79.6m. ($3.62 a share) of last year. Sales in the nine montha come to $1,090m., down from $1,170m.

The Alcoa results had already been presaged by similarly disappointing figures turned in by its major competitors. The second largeat producer, Reynolds Metal, last week announced a $5m. third quarter loss, compared with an $8.5m. profit in the same period last year, while Kaiser Aluminium and Chemical, the number three producer, reported earnings in the period of only six cents a share, compared with 35 cents a share in the prevlous year. Both Reynolds and Kaiser also cut their quarterly dividends, though Alcoa has yet to resort tn this.

It seems clear now that tbe third quarter of this year will turn out to he the worst quarter on record that has not been affected hy a strike. The simple answer to the situation lies ln a gross oversupply of aluminium in world markets and a consequent inability to sell aluminium at anythiog like the posted price of 29 cents a pound. At least one medium-sized company has already abandoned the fiction of official selling prices this autumn.

The industry has also heen affecled by the high level of strike-hedga inventories built up hy aluminium users in the spring. The depletion of these inventories has continued very slowly. There is hope that, with inventories closer to the norm now, the final quarter of the year will turn out to be hetter, and there are signs that certain segmeots of the aluminium market have been picking up of late, particularly in the home huilding and transportation sectors.

But the sad fact remains that shipments this year have been way down. Alcoa'a case is typical, and it sald yesterday that in the third quarter its shipments were 25 per cent. below those of the 1970 period, whila for the year to date they have been more than 11 per cent. under tha levels of last year.

# Rothschild group mining profits suffer cut-back

BY JANE BERGEROL — PARIS, Oct. 19.

SOCIETE LE NICKEL, the Rothschild group nickel conrern, has announced half-yearly profits which show an operational cash flow that has dropped to Fr.100.8m. frnm Fr.126.41m. In the 1970 period, while profits have fallen from the 1970 six-month level of Fr.36.4m. to Fr.34.5m.

But these figures are respectable enough when compared with the disastrous figures for Pennarroya—whose profits for the first six months have dropped to Fr.2.3m., cnmpared with Fr.17.5m. in 1970. The drnp is due mainly to the slump ln metals prices this year.

The third major mining subsidiary of the Rothschild group, Compagnie Mokta, has, however, produced a hrighter record, with profits up to Fr.12.2m. from Fr. 5.6m. in 1970, although a considerable part of the lncrease is due to capital epprecietion through the sale of Mokta Holdings.

No word has come from the group as to what its expectetions for the second helf of the year might he, hut the group has an embitious series of plans for its New Caledonie undertakings, which might be affected by the loss of their usually large profit margins.

Certainly, SLN results ln the second half will be severely affected by the two-month long strike, lesting to the end of August, which completely closed the Donlambo plent.

# Wheelock Marden details profits from associates

BY OUR OWN CORRESPONDENT — HONG KONG, Oct. 19.

WHEELOCK MARDEN, one of the largest Hong Kong trading companies, has released details of profits attributable to it from associate companies. These figurea were glven in the annual report for the year ending March, 1971, which has just become available bere and is to be read to shareholders on November 9.

Wheelock, which has interests in shipping, property and trading, has now reached the stage where all its subsidiaries—that ia companies in which it has a majority stake—are consolidated in the annual accounts.

From associate companies, however, in which Wheelock owns less than 51 per cent., only dividends are lncluded in the profit and loss accounts.

According to these latest accounts, Wheelock received $HK3.8m. in dividends. Attributable profits were $HK14.8m. If Wheelock's associate companies dlstributed all their profits es dividends, Wheelock's net profits would have increased by $HK11m. This would have meant a virtual doublin g of net profits from $HKt0.5m. instead of the 27.4 per cent. *increase to* $HK21m. registered in 1970/71.

This is unlikely, of course, since few companies distribute ell they earn, but tbe disclosure of ettributable profits for the first time has been greeted rapturously by market observers bere. Apparently the move is the precursor to full consolidation. While the look of Wheelock may not he drastically eltered when full consolidation of the accounts takes place, showing the attributable profits gives e mucb clearer picture of the real worth of the company and its processes. Many bere are hoping that other major companles which have not consolidated will follow Wheelock's lead.

## PORTUGAL'S CUF IN £7M. PROJECT

By Our Own Correspondent

LISBON, Oct. 19.

COMPANHIA UNIAO FABRIL (CUF), a top Portuguese lndustrial group, has announced a major programme of expansion in the chemical sector amounting to £7m. over e three-year perlod.

All but 1 par cent. of the expanslon is linked directly or lndirectly to pyrites, of which Portugal is a large producer, with rich mines in the southern Alantejo region.

The two blggest single new developments, planned to come into operation in 1972, are for tha production of sulphuric acid, with an annual production of 228,000 tons, and of zinc oxide, with an annual capecity of 10,000 tons. These are due to begin operating in January and July respectively.

In Portugal, unlike more developed *countries, sulphuric* acid is used mostly ln fertilisers, and it is expected that production from the new units will enabla the country to develop an export market.

It is understood thet the increased usa of pyrites reserves is linked to CUF's plana for its own mine at Gaviao, in the Alentejo. At present its supply comes mainly from mines at nearby Louzal and Aljustrel.

Together with Spain, Sweden, Cyprus and Greece, Portugal is one of tbe leading producers of pyrites, and has a thriving Belgian export market.

AUSTRALIA'S AIRCRAFT INDUSTRY

# Facing a crucial decision

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

WITHIN two months, the Australian Government must make a decision that is important not only to the future of the Royal Australian Air Force's requirements in jet trainers, but one whicb is crucial for the Australian aircraft industry.

Tha Government has before it a proposal from Hawker de Havilland, the wholly-owned offshoot of Hawker Siddeley, thet lt should join now in a joint manufacturing programme for the HS 1182 jet trainar that has been edopted *by the Royal Air Force*, though the aircraft design has yet to be aettled in detail.

The offer is one of collaboration in manufecture on the basis of the Australian end making some parts for the jet trainer, and also assembling, so that Australia would eventually produce about one-third of the known requirements of the British Government and, if the jet is adopted as the future trainer for the RAAF, of the local requirement. In total this would be ebout 250 aircraft. More importent, the Australians would also have marketing rights for South-East Asia for tha aircraft, which can be used for combat.

The Australian Government has long maintained that it wants to see a local aircraft industry flourish. Yet at present it is the very lack of government orders which is slowly choking the three aircraft manufacturers—Hawker, the privately-owned Commonwealth Aircraft Corporation and the Government-owned Government Aircraft Factory. Apart from a few Mirage jets, there has not been any major aircraft programme in Australia since the last Vampire rolled out of the Hawker factory in 1960.

There is, at present, a locally-designed twin-engina aircraft called the N22 going through its trials. While it has been widaly hailed as a fine design and is favoured by the army, it suffers through lack of orders on the one hand, and the fact that there are other light, twin-engined aircraft which ere made overseas and can virtually be bought off-the-shelf.

*As for the aircraft manufacturers*, they are currenly keeping busy with servicing cootracts. Hawker has some work making parts for Boeing's 747 programme and Chinook helicopters, and keeps its bead above water by manufacturing sailing and power boats, as well as aircraft and railway carriage seats.

It is mnch the same story with the other two. And that is why the HS 1182 programme is important. The industry here is highly integrated, and virtually all projects are shared with one prime contractor (Hawker De Havilland in the case of the HS 1182 proposals), with the other two playing an important secondary role. The present trainer, the Macchi MBH 326, will probably see service through to 1977-78, bnt its manufacturing programme is such thet the last one will roll off local assembly lines by March of next year.

It is not known just how mnch capital the Government will be required to find to join in the HS 1182 programme, but it is not considered to be great. It is known that the defence authorities here favour the HS 1182 and would want to follow the British decision. It is also a known fact that many South-East Asian orders would follow once Australia made this choice, and they are attracted to the dual trainer-combet prospecta of the HS 1182.

The difficulty for the Australian Government lies in the fect that this is e long-term decision. It has been given the choice of coming in on the ground floor and spreading its costs over a period of ten years, instead of coming in later and having to pay e dearer entry price for the planes, which are estimated at present to be worth eround $A1m. each.

At least 75 trainer aircraft will be required hy the Australian air force and navy, while other defenre requirements have also heen huilding-up because of a lack of decision and unfulfilled procurements. Replacements are needed for the navy's Wessex helicopters, the air force Neptunes and aerial tankers for the RAAF.

The difficulty facing the Government is beightened hy political and social prohlems raised hy the withdrawal of troops from Vietnam, and tbe planned run-down that will follow. But politics and social decisions apart, the simple fect is that for the Australian aviation lndustry, Hawker De Hevilland's proposals are lmportant. On present thinking and planning, it offers the only tangible plan to keep the industry alive in what has become a make-or-break situation.

## IN BRIEF

### Europe

● NV SLAVENBURG'S BANK said it plans to increase its authorised capital to Fl.100m. Its issued and paid-up capital rose to Fl.47m. in September when First National City Bank of Chicago increased its stake in the bank *to 20 per cent. from* 11 per cent.

● CONOCO-EURO-FINANCE, of Curecao, is from October 28 to November 2 to float a Swiss loan of Sw.Fr.80m. The loan, which will have a 6.25 per cent. coupon, will be issued at par.

● SOCIETE DES GARDES-TEMPS, of La Chaux-de-Fonds, one of Switzerland's leading watch groups, ls to pay an unchanged dlvidend of 5 per cent. for the year ended June 30, following a rise in net profits to Sw.Fr.2.46m. from Sw.Fr.0.99m., and to ask permission of its shareholders for a Sw.Fr.2m. capital increase to Sw.Fr.45.1m. The capital increase will serve in part to finance the take-over of the Lucens-based watch gem company Gasser-Ravussin. The group, which last year took over Sandoz SA, Invicta SA and Balancier SA, booked a rise on consolidated turnover for the year from Sw.Fr.51.6m. to Sw.Fr.179m.

● MOBILE OIL FRANCAISE refined 4,738,940 tons of crude oil during tbe first nine months, up from 3,808,727 tons a year earlier.

### North America

● PENN CENTRAL TRANSPORTATION CO. had net loss of $23.24m. for August, compared with a net loss of $25.6m. in same month last year. For the first eight months of 1971 the company's net loss totalled $179.16m. against $208.93m. Trustees said the company had $33.2m. in cash as of August 31 this year, compared witb $37m. last August 31.

● INTERNATIONAL TELEPHONE AND TELEGRAPH CORP. (ITT), signed letter of intent to acquire Highie Maoufacturing Co., *in* a transaction valued at *an* indicated $38.8m. Highy produces small diameter welded tubing and bas manufacturing facilities in Michigan, Ohio, and Colorado, as well as affiliate companies in the U.K. and West Germany.

● WORLD AIRWAYS, of Oakland, California, has agreed to sell its 99.5 per cent. owned, Los Angeles-based First Westero Bank and Trust Co., to Wells Fargo Bank, an affiliate of Wells Fargo and Co., which will pay stockholders of First Western $45m. cash and $50m. face value 7½ per cent. intermediate term debentures; the total of $95m. is equivalent to $69.44 per share on the 1,368,080 outstanding shares of First Western.

### Others

● HITACHI SHIPBUILDING AND ENGINEERING COMPANY and C. Itoh and Co. said they reached agreement witb NL Industries Inc., of the U.S., to establish joint venture in Japan to traosport used nuclear fuel. The venture is expected to be established by 1972 with one additional participant, the Japanese Government-sponsored Power Reactor and Nuclear Fuel Development Corporation. Hitachi is expected to produce its first cask or container for carrying radioactive material by April, 1972, under a tecboical agreement signed this April with NL Industries.

## POLAROID SLIPS

NEW YORK, Oct. 19.

POLAROID CORP. said nat earnings in the third quarter fell to $13.5m. (41 cents e share) from $17.5m. (54 cents) in the same period last year on marginally lower seles of $131m. ($132m.).

The compeny said for the first nine months of this year net earnings declined to $40.4m. ($1.23) from $48m. ($1.46) on sales edvanced to $362m. from $352m. Reuter

## XEROX PROFIT UP

NEW YORK, Oct. 19.

XEROX CORP. said net earnings rosa to $36.2m. (68 cents e share) in the third quarter from $47.6m. (61 cents), on operating revenues increased to $493m. from $436m.

Nine months net aarnings advanced to $156m. ($1.98) from $142m. ($1.81) on operating revenues of $1,442m. ($1,267m.). Reuter

## SONY CONFIRMS DIVIDEND

TOKYO, Oct. 19.

SONY CORP said to-day that the company will pay e dividend of Yen 7.5 for tha half-year ending October 31, as approved by e stockholders' meeting in June.

The company said, bowever, that an official statement on the dividend will not be made until the end of November.

Sony paid Yen 7.5 per share for the balf ended April 30. The stockholdars' meeting in June epproved the company's plan to pay a total of Yen 15 dividend per share in 1971 and there has not been any change in the company's business conditions to alter the decision, a Sony spokesman added.

He also said Sony was little affected by President Nixon's dollar defence economic policy announced in August, or by the Japaoese Government's subsequent decision to float the Yen.

## SELECTED EURODOLLAR BOND PRICES

### MID-DAY INDICATIONS

| | Bid | Offer |
|---|---|---|
| **Straight** | | |
| Atlas Copco 9½pc 1985 | 103 | 104 |
| ASEA 8½pc 1986 | 97 | 98 |
| Beecham 8½pc 1986 | 97¾ | 98¼ |
| Borregaard 8½pc 1986 | 99½ | 100½ |
| Conoco 8pc 1986 | 97 | 98 |
| Conoco 9½pc 1985 | 104½ | 105½ |
| Courtaulds 9½pc 1985 | 102½ | 103½ |
| Denmark 9pc 1982 | 103¾ | 104¾ |
| Esso 8pc 1986 | 100½ | 101½ |
| Esso 9pc 1985 | 105½ | 106½ |
| General Mills 8pc 1986 | 96½ | 97½ |
| GUS 8½pc 1986 | 98 | 99 |
| Hambros 9½pc 1985 | 104½ | 105½ |
| Hamersley 9½pc 1986 | 102¾ | 103¾ |
| ICI 6½pc 1982 | 89 | 91 |
| Ireland 8½pc 1989 | 94½ | 95½ |
| ISEC 9pc 1985 | 103 | 104 |
| Massey Ferguson 9pc 1982 | 101½ | 102½ |
| Monsanto 8½pc 1985 | 101½ | 102½ |
| Mt. Bk. Finland 8½pc 1988 | 96 | 97 |
| Occidental 9½pc 1982 | 96 | 98 |
| Oslo 8½pc 1988 | 96½ | 97½ |
| Olivetti 6½pc 1985 | 102½ | 103½ |
| Ontario Hydro 8½pc 1986 | 100½ | 101½ |
| Philips 6½pc 1976 | 94½ | 96 |
| Quebec Hydro 8½pc 1986 | 96½ | 97½ |
| Transocean Gulf 8pc 1986 | 98½ | 99½ |
| **Notes** | | |
| Cabot 8½pc 1975 | 101½ | 102½ |
| Ericsson 8½pc 1975 | 103 | 104 |
| Esso 7¼pc 1978 | 99½ | 100½ |
| Esso 8½pc 1975 | 105 | 106 |

| | Bid | Offer |
|---|---|---|
| Gatx Oswego 8½pc 1977 | 100 | 101 |
| Hawker 9pc 1975 | 101½ | 102½ |
| Nippon Petr. 7½pc 1973 | 98½ | 99½ |
| Oslo 9pc 1975 | 103½ | 104½ |
| Transocean Gulf 8½pc 1975 | 103 | 104 |
| Source: White Weld Securities. | | |
| **Convertibles** | | |
| American Can 4¾pc 1988 | 80 | 81 |
| American Brands 5½pc 1988 | 110½ | 112 |
| Amoco 5½pc 1984 | 96½ | 97½ |
| Beatrice 7½pc 1990 | 119½ | 119½ |
| Borden 6½pc 1991 | 107 | 108 |
| Chrysler 5pc 1988 | 72¾ | 73½ |
| Continental Tel. 5½pc 1988 | 98½ | 99½ |
| Eastman Kodak 4½pc 1988 | 96½ | 99½ |
| Equity. Funding 5½pc 1989 | 87¾ | 88¾ |
| Firestone 5pc 1988 | 101 | 102 |
| Ford 6pc 1986 | 107½ | 108½ |
| Fuji Photo Film 6½pc 1985 | 115 | |
| Honeywell 5pc 1983 | 113½ | 114½ |
| Kinney 6½pc 1990 | 110 | 111 |
| Komatsu 6½pc 1984 | 89 | 91 |
| Michelin 6pc 1985 | 96 | 97½ |
| Murphy 5pc 1969 | 79½ | 80½ |
| Owens Illinois 5pc 1977 | 96½ | 97½ |
| Pepsico 4½pc 1987 | 134 | 135½ |
| Rand Selection 6½pc 1988 | 85 | 90 |
| Revlon 4½pc 1983 | 102 | 103 |
| RCA 5pc 1988 | 87½ | 88½ |
| Texaco 4½pc 1988 | 85 | 86 |
| 20th Century Fox 5pc 1987 | 53¾ | 54¾ |
| Union Carbide 4½pc 1982 | 91½ | 92½ |

Source: Kidder, Peabody Securities.

## COMPANY NEWS

# 5% extra and scrip from Gomme

A FINAL dividend of 25 per cent. by Gomme Holdings lifts the total from 30 per cent. to 35 per cent. for the year to July 30, 1971, *from earnings* of 67 per cent., against 56 per cent.

Holders registered November 15 will receive a 1-for-1 scrip issue.

The company makes G-Plan furniture. Its turnover rose from £7.69m. to £9.33m. and profit before tax from £869,000 to £943,000. Extra costs were incurred in training additional labour and expanding the night shift, the directors point out.

| | 1970-71 £000 | 1969-70 £000 |
|---|---|---|
| Turnover | 9,335 | 7,690 |
| Profit before tax | 943 | 869 |
| Taxation | 374 | 357 |
| Net profit | 569 | 482 |
| Tax credit | 37 | — |
| Preference dividend | 35 | 35 |
| Ordinary | 260 | 240 |

Capital expenditure was £300,000 and over £500,000 is nnw planned. The five-year total in July, 1972, will exceed £2m., all financed internally.

The new phase includes development of new premises adjacent to the existing factory in Nelson, Lancs. This will increase the capacity evailable in the wbole group for tbe mannfacture of G-Plan *furniture*.

Looking at prospects for the current year, the directors are expecting increases in turnover and profit.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable:—

TO-DAY

Interims: Allen Harvey and Ross, Allied Irish Banks, Baird (Wm.), City of Oxford Investment Trust, Continental Union Trust, Crossland (R. and A. G.), Eagle Star, Farnell Electronics, Laurence Scott, Midland Glass, Pearson (S.) and Son, Rycroft (Bradford), Securities Trust of Scotland, Spillers, Telephone Rentals, Weir Group.

Finals: Anglo American Vulcanized Fibre, Dalkeith (Ceylon) Holdings, *Ductile Steels, Long and Hambly*, Nuwara Eliya, Scottish Cities Investment Trust, United Real Property.

FUTURE DATES

| Interims— | |
|---|---|
| Chaplin Holdings | Oct. 22 |
| Consolidated Commercial | Oct. 26 |
| Courtney Pope | Oct. 28 |
| Farrow and Jackson and Purdy | Oct. 22 |
| Greening (N.) | Nov. 11 |
| Jacobs (John I.) | Oct. 21 |
| Sale Tilney | Nov. 4 |
| Slingsby | Oct. 28 |
| **Finals—** | |
| Bridport-Gundry | Oct. 26 |
| Central Manufacturing & Trading | Oct. 25 |
| MY Dart | Oct. 27 |
| Sime Darby | Oct. 21 |
| Second Scottish Invest. Trust | Oct. 28 |
| Smiths Industries | Nov. 2 |
| Spencer Gears | Oct. 27 |

# Titaghur's first half

ALTHOUGH first-balf group pretax profit of The Titaghur Juta Factory Company decreased from £741,393 to £537,863, it reflects a substantial improvement over the £163,627 for the lmmediately preceding half-year.

As before there is no Ordinary interim. Current working continues to be profitable but the directors consider it prudent to defer consideration of the question of e dividend until tha accounts for the full year are availahle. A single payment of 7½ per cent. was made for 1970.

Earlier in the year the directors stated that if Pakisten's production was found to have been seriously interfered with, the demand for Indian goods should ensure profitahle working for group mills. So far es can be ascerteined each output continues to be severely restricted and this is reflected in the demand over recent months for Indian goods, particularly carpet backing cloth.

Notwithstanding transport difficulties caused hy flooding, the new season's crop of raw jute looks like being fully adequate hut productioh continues to be seriously interfered with hy frequent power cuts.

| | Half-year 1971 £ | 1970 £ |
|---|---|---|
| Group profit | 537,863 | 741,393 |
| Taxation | 165,634 | 126,080 |
| Net profit | 372,229 | 613,313 |
| Minorities | 1,337 | 4,021 |
| Attributable | 370,892 | 609,292 |
| Pref. interim | 13,950 | 13,950 |

## DUNBEE-COMBEX

Dunbee-Combex-Marx reports that its subsidiary Combex is to develop and distribute the entire toy interests of Rntland Plastics, a growing firm of precislon injection moulders manufacturing "Katies Kitchen Toys" for girls. The agreement will further strengthen the toy division of the group it is stated.

# Midway rise for Globe Investment

An interim dlvidend raised from 7 per cent. to 7½ per cent. is declared hy Globe Investment Trust for tbe year ending Marcb 31, 1972.

Net earnings in the first half are ahead at £1,637,000 against £1,470,000—for all the previous year, they were £2,992,000, and the total dividend 15½ per cent. Earnings per stock unit for the first half are ahown at 2.60p (2.34p).

The earnings figure is after tax of £198,000 (£172,000) which includes income tax on franked investment income to the extent that lt has not been set off hy tax retained on estimated dividends payehle at the rate of 15½ per cent. in each year.

Net essets at September 30, 1971, were £109,536,000 (£90,540,000 at March 31, 1971), including 100 per cent. of dollar premium, and after dabenture stocks at par £3,543,000 (same). Net asset value per 25p share was 174½p (143¾p).

## ELLIS (RICHMOND)

In view of the recent sharp rise ln the share price of wine and spirits merchant Ellis and Co (Richmond) the directors steta thet they are presently considering preliminary proposals of an exploratory nature which might lead to a closer association with a business of a similar nature.

However, lt is not expected that these proposals would lead to an offer being made for the share capltal of Ellis.

# Rawlings Bros. on target

DIRECTORS of building contractors and property developers Rawlings Brothers consider that group profit, before tax, for the *year to January 31, 1972*, will be at least £215,000, as forecast.

For the six months ended July 31, 1971, profit is £112,000, struck after interest charges of £24,000. Tax takes £45,000 leaving a net profit of £67,000.

Figures reflect profits of the group as now constituted, including the companies recently acquired from Hawtin. No adjustment has been made in respect of pre-acquisition profits, which eccount for £59,000 of the profit efter tax.

Since this is the first interim statement *and* in view of the radical changes in the composition of the group and the change of accounting date, the Board considers puolication of comparative figures is impracticahle and in any case would be misleading.

An interim dividend of 5 per cent. is declared. A total of 20 per cent. has already been forecast.

# London Investment

To reduce disparity London Investment Trust is paying an interim dividend of 3 per cent. against 2½ per cent. for the year to March 31, 1972. The Board forecasts a final of at least 3½ per cent. compared with 4 per cent. for 1970-71.

Net revenue of the parent company for the half year to September 30, 1971, was £41,063 compared with £37,412 before tax and profit of the dealing subsidiary—after providing for unrealised losses—was £2,671 against a loss of £7,771.

Net asset value per £1 share, assuming full conversion of the convertible loan stock and ignoring notional capital gains tax, is shown et 174½p.

# Incledon & Lamberts

At the annual meeting of Incledon and Lamberts, Mr. G. H. Incledon, chairman, said provisional figures for the six months to September 30 last showed a profit of £200,378.

While it was too carly to say what would happen in the next six months, he thought it "nnt unreasonahle" at this stage to forecast a substantial increese in profits for 1971-72 compared with the previous year.

# Highland Distillers: earns and pays more

PRE-TAX profits of Highland Distilleries rose from £1,863,762 to £1,915,604 in the year to August 31, 1971, after being down at £835,000 (£1,010,000) in the first six months.

A final dividend of 20 per cent. lifts the total from 29 per cent. to 30 per cent.

The year's profit is after depreciation of £198,185 (£174,161). Turnover was up from £3.94m. to £5.32m.

| | 1970-71 £ | 1969-70 £ |
|---|---|---|
| Turnover | 5,315,300 | 3,946,126 |
| Investment income | 245,990 | 227,137 |
| Profit | 1,915,604 | 1,863,762 |
| Tax | 673,050 | 733,700 |
| Net profit | 1,242,554 | 1,130,062 |

Total dividends absorb £767,625. Profits retained total £454,929 and this is transferred to revenue reserves. Meeting, Glasgow, November 19 at noon.

# British Syphon aiming for peak profit

Following earlier forecasts of continued improvement, tha directors of British Syphon Company now state that profit for 1971 "shnuld exceed that for the record year 1969."

In that year, there was a group profit, before tax, of £311,712. The 1970 figure was £288,001.

From a turnover of £936,449 (£774,155), profit for the first half of 1971 is ahead at £144,042 compared with £111,457.

These figures are the "best ever" for any first half year. After tax of £55,456 (£46,670) the *net* profit is £88,586 against £64,787.

Advance order books are higher than at this time last year and prospects for 1972 appear "very encouraging," the directors say.

# Jas. Harrison downturn

Reporting pre-tax profits of building and public works main contractors, James Harrison Holdings down from £126,056 to £100,531 in the six months to June 30, 1971, the directors say they anticipate results for the second half will at least match those for the first.

This would give a total of £200,000 plus, compared with £215,620 in the previous year. The interim dividend ls held at 10 per cent.—last year the total waa 20 per cent.

The first half tax charge is £44,600 (£57,510). In the 1970 first half there were minority credits of £388.

The interim dividend absorbs £28,913 after waivers by the chairman, Mr. J. J. Harrison.

On the construction side, he says the winding up of the contracts formerly administered by builders West is proving extremely expensive, and profits have again been seriously eroded by heavy losses on these jobs. The worst of the aftermath bas been borne or provided for, however, and the effect on the second balf-year while probably significant, will not dominate results.

The joiners subsidiary is continuing to trade profitably but the pre-cast subsidiary has again shown a loss albeit considerably reduced.

# Amalgamated Transport

Amalgamated Transport Services, which earlier this month announced proposals to go into voluntary liquidation, has now received a summary of the statement of affairs of its subsidiary Spinks Transport Services which shows, inter alia, an estimated deficiency as regards creditors of that subsidiary of £223,088.

Full details of this statement will be given tn the meetings of creditors and shareholders of Amalgamated to be convened for November 3.

As yet no further information has been obtained from the provisional liquidator of the subsidiary Allisons Freightlines showing its financial situation, hut the provisional liquidetor will be asked to prepare, if possible, a report for the meeting.

## M & G MIDLAND & GENERAL

M and G Securities announces that the final distribution for the accounting period October 19, 1970, to October 17, 1971, will be 1.307p (1.132p) net per unit, payable on December 15. The total distribution for the period is 2.407p (2.132p) net.

During the period just ended, the offer price of income units has risen by 35.7 per ceot. compared with e rise of 28.8 per cent. in the F.T. Actuaries All-Share Index.

## WINDING-UP ORDERS

Mr. Justice Plowman in the Chancery Division on Monday made orders for the compulsory winding-up of the following companies:—

T. H. Hale (Ashtead), Adair Office Equipment Co., Calvare, George Holmes (Tubes), Typewriter Developments (London), Electric Sign Company, Lancashire Livestock Advisory Services, Woldgrove, Rookdale Engineering, Howe Bros. (Midland), Tower Bridge Engineering, U. and I. Shipping Company and Lawncrest.

Schedule Properties, Explodex, Maximum Finance, J. C. Cooper, Sun Ceilings, J. Walpole, Lisa Dennis, Icon Books, Shellodge Securities and Original Middle Hillgate Benevolent Burial Collecting Society.

Grenssure Properties, H. Streeler, T. W. Manning (Amusements), Noble's of Gloucester, S. A. Rootscy, Humidair Consultants, Glenfield Finance (Nottingham), Downend House Properties, Gold Shield Cleaners, Forville Motors, Lewis Electrical Co. (Bow), Empire Garage (Smethwick) and Projects Nuclear International.

# Aberthaw to lift profit

CURRENT YEAR profit of Aberthaw and Bristol Channel Portland Cement is expected to exceed the £744,000 achieved in 1970, the directors forecast in their interim report.

And they look for further progress in 1972, as they are switching from fuel oil to natural gas because it is cheaper.

In the half year to June 30, 1971, sales showed a satisfactory increase. Cost of production rose substantially largely because of a very sbarp rise in oil prices, and other costs moved upwards; and the *pre-tax profit came to £355,543*, against £337,155.

The profit was struck after depreciation £116,405 (£112,312) and interest £21,531 (£35,330). Tax takes £143,000 (£152,000) to leava the net profit at £212,543 compared with £185,155.

Total sales to the end of September are above those for the same period last year, and the second half will reflect benefits of the latest cement price increase.

# No dividend by Leigh Mills

The Leigh Mills Company is omitting payment of a dividend for the year to April 30, 1971, against 5 per cent. for the previous year.

The company, worsted spinners and manufacturers, incurred e groop trading loss of £84,529, compared with a profit of £113,632 for the previous year, before depreciation of £47,423 (£50,252).

For the first half there was a trading loss of £143,420 after *costs of reorganisation* hut *before* writing off plant to be sold or scrapped (pre-tax profit £37,952 for corresponding period of 1969).

# U.S. companies expect to benefit if Britain joins Six

BY IAN DAVIDSON, EUROPEAN EDITOR

IERICAN COMPANIES with ir European headquarters in e the Common Market expect benefit from Britain'a admis- n to the European Com- unity, according to a survey t published by the American negement consultants, Heid- k and Struggles.

Tha aurvey was addressed to i American companies, of om 163, or just over one-third lied. Most of the replies oe from companies with head- arters in Belgium, but others oe from Germany, Italy, ance and Holland.

More than two-thirds of the npanies expect to benefit from enlargement of tha Com- nity, mainly because of the argement of their markets, also from lower costs. Ser- e companies attacbed rela- ely more importance to ater availability of labour or re flexibility in their opera- ns.

## g question

he British labour situation ures prominently in comments forward by some of the par- pating companies — and not ays in terms that are likely please British trades unionists. e said: "We would certainly welcome the entry of tha U.K. into the EEC, but, at this point, find it difficult to assess future plans as far as expension is con- cerned . . . the big question mark being the lahour situation. Ideally, were the conditions better we would prefer to manu- factura in the U.K."

Another commented: "The Continental market will benefit from sligbtly lower cost of goods dua to the English wage scale varsus the German end French." According to e third: "On a longer term it will permit, with greater ease, the transfer of per- sonnel from one unit to the other."

Almost a third of the com- panies expect thair sales to rise hy more than 10 per cent. as a result of Britisb entry, and this opinion is particularly pro- nounced among the smaller con- cerns. Almost half the gronps expect a sales increase of 6-10 per cent. On the other hand, 42 per cent. think that British entry is unlikely to accelerata their ex- pansiou, while only 21 per cent. think it would "probably" have that effect. Where expansion is likely to follow British entry, more companies expect it to take place on the Continent (41 per cent.) than in the U.K. (34 per cent.), hut 35 per cent. believe it will expand both on the Con- tinent and in the U.K.

As might be expected, the manufacturing companies tend to expect expanslon to he concen- trated on new prodnction facilities, wbereas service com- panies expect the empbasis to he on marketing and sales and in- creased staff. The very large service companies expect expan- sion to take the form of mergers and acquisitions. Few companies expect Britisb entry to lead to an increase ln research and develop- ment.

Only one company thought thet it would prohably move its Enrooean headouarters from the Continent to Britain. A further 8 per cent. bellevad such a mova was possible, hut the remaining 91 per cent. thought ls unlikely.

Over a third of tha companies expected their costs would fall as a result of the enlargement of the Community, hut only 14 per cent. thought that their prices would come down. On tha other hand, 19 per cent. thought their costs would rise, hut only 13 per cent. expected their prices to rise. A third of the companies (generally the larger ones) expected to expand their range of products or ser- vices as a result of British mem- bership.

# Buses rather than trains for rural areas—Griffiths

BY RAY DAFTER

SES rather than trains must vide bulk conventional pub- transport in rural areas, Mr. lon Griffiths, Parliamentary der-Secretary at the Depart- ot of the Environment, said London yesterday.

Some £30m. a year was being d towards unprofitable rural l services. "No Government afford to shell out this sort mooey indefinitely," he said a Rural District Councils sociation conference on rural nsport, adding that grant aid uld still be made available erever a strong social/ nomic case was made.

Mr. Griffiths cited the case of service which operated for benefit of 500 people a day. ch single journey on "this chanical white elephant" t the taxpayer about £2; a ular daily return passenger t well over £1,000 a year. It uld, he said, be cheaper to buy t passenger a new car every r.

Buses provided a far more cient means of transporting small numbers on rural services but buses bad also been declin- ing. Rural services had tended to he supported by profits made in more populous areas, hut to-day profits were no longer being made on urban services.

Tha Government waa not pre- pared to see rural people being cut off without taking steps to help them. The Department of the Environment was already helping the rural bus user to the tune of £40m. a year in the form of subsidies, grants and loans.

Where conventional bus ser- vices were no longer justified local authorities and voluntary organisations should be encour- aged to provide alternative trans- port schemes.

Mr. Anthony Griffiths, execu- tive director (passenger) of the British Railways Board, said rural train services combined "most of the elements of a trans- port operators' nightmare" as far as viability was concerned.

However, a community spend- ing £800m. on Concorde could not call the £30m. a year grant to rural railwaya outrageously ex- travagant. Tha railway had never deliberately tried to kill off a service "hut some of tha services should prohably never bave been provided and should certainly have been withdrawn 30 years ago."

It was no usa preserving e mouldering collection of relics. Practical belp before a closure was mooted was likely to be far more valnable and worthwhile than last-minuta help.

Pointing out that Britain bad a more intensive network of country bus services than any other nation with a bigh level of car ownership, Mr. D. W. Glass- borow, the National Bus Com- pany's chief planning and development officer, said that resources shonld be devoted to e better service over fewer rontes. "To spread both the financial assistance and the re- sources of men and vehicles thinly will satisfy nobody."

Mr. J. S. Gilks, assistant sec- retary of the Rural District Councils Association, urged councils and local organisations to take positive and concerted action to ensure that country huses and trains continued in aervice.

"There is no fnture for country buses and trains unless we and the councils and organi- aations we represent face up to reality and do something about their future on a regular hasis." Local authorities should pay more attention to transport functions.

## NEW GLASGOW WAREHOUSE

Lochiel Development Company, of Glasgow, is to build a whole- sale distribution warehouse in Rutherglen Road. The warebouse will hava e floor space of 81,400 square feet with an adjoining office block of 8,000 sqnare feet. It will be for clients in the food and allied trades.

FEDERAL TRUST CONFERENCE

# Davies stresses need for Common Market regional policy

THE NEED for an EEC regional policy to complement national efforts was stressed by Mr. John Davies, Secretary of State for Trade and Industry, in London yesterday.

In particular bo welcomed tho Commission's proposals to pre- vent certain areas from "over- hidding" to attract internation- elly mobile investment projects. Mr. Davles was addressing tha Federal Trust Conference on "Industry, Tecbnology and tha Enropean Communities."

"Britain has serious problems of regional imbalance; so have the members of the present Community," ha said.

"The Six individually pursue vigorous regional policies as we do. There is as yet no Com- munity regional policy—althongh the Community has helped, mainly through the usa of the European Social fund and ECSC funds, to retrain workers and to assist them financially until new work is availeble.

"As a member, wa, too, could expect to benefit from these funds. And there would be nothing to prevent us from con- tinuing to pursue effective regional policies.

"But I see a need for the development of a Community regional policy to complement national efforts to ensure that the prosperous areas of the Community do not grow more prosperous at the expense of those in greater need and that all areas share the henefits of economic growth, and that there is no unjnstifiahle 'bidding up' to attract internationally mobile investment projects. The growth of European industries, as op- posed to national ones, will underlina tha need.

## Important

"The Community is very close to working ont a policy in this area of 'overbidding' or 'hid- ding up'. As I said in the July debate in tho House of Commons, I aee nothing in the proposals before the council that will in any way endanger Britisb policies. Indeed, on the contrary, we welcome them."

To take full advantage of the Common Market it was important to create in Europe a climato which would allow companies to grow to their optimum size and efficiency, ho said.

"We all know there are vital areas of industry, particularly in advanced technology sectors like aerospace, nuclear power and data processing, wbere individual European companies find it increasingly difficult to go it alone.

"The Community's develop- ment will be jeopardised unless it creates the conditions to enable them to match in size and strength the efficiency of the giant corporations of the U.S. and Japan.

Tha present Community had made a start on its programme to harmonise company law, the fiscal framework and the barmoni- sation of technical standards. "Thera are also some very interesting proposals from the Commission such as tha use of the European Investment Bank, the introdnction of Community development contracts and wider use of the Euratom "joint under- taking" concept, to assist cross- frontier collahoration.

Recent studies had shown that the economic case for British membership of the European Community was solid and unan- swerahle, according to Mr. Christopher Layton, an adviser to the EEC Commissioner for Indus- try and Technology.

"The old argument that while there is a political case for join- ing the EEC the economic benefits are dubious has been exploded by recent studies," be commented.

Mr. Layton claimed that the earlier, alarmist fears of the adverse effects of the common agricultural policy had not stood up to careful analysis. Studies by Mr. Josling, of the London School of Economics and Michigan State University, showed that by 1978 the effect of membership on Britain's likely balance of pay- ments in food, including levy payments, was likely to be not negative but positive because of the growth of British food produc- tion.

"The ona key question remains how much contribution, on top of the import levies, Britain has to pay for farm surpluses or agri- cultural reconversion. This year the Community's payments for farm surpluses and price support are expected to fall slightly.

"Help to backward agricultural regions will continue to grow hut will be matched in an enlarged community by help to backward industrial regions, and here Britain will benefit. Budget pay- ments to industry and technology, whicb should benefit Britain, ought to grow," said Mr. Layton.

The idea that there would be a big balance of payments loss through the trade effects of loss of existing preferences — e loss which Mr. Healey put et £200m.— did not stand examination, he argued.

Historical experience, tha expec- tations of industry, and sheer common sensa, all suggested that the removal of tariffs in the larger market of Europe would in the long run, and probably in the short run, bring a bigger growth of trade than the losses in the Commonwealth.

"Tha evidence supports the argument that tha balance of pay- ments loss, due to entry will not exceed more than a maximum of £250m. to £300m. and it may be less.

He said studies suggested eco- nomic gains for industry would comfortahly outweigh this loss. The vehicle industry alona ex- pected an improvement in its halance of payments of between £200m. and £300m. by 1977-78. The coal industry had an oppor- tunity to increase exports by at least £15m. a year.

## Investment

He forecast that in the chemi- cal industry, Britain's entry into tho Common Market would re- open the option of a Britisb loca- tion for a vast investment programme. The plastics indus- try, for example, would involve possible new investment in Britain of £120m. hy 1980 and another £140m. by 1985.

In terms of jobs this repre- sented work for prohsbly over 15,000 hy 1980 and a total of over 30,000 by 1985.

# Minister regrets union view on entry to Six

BY ELSBETH GANGUIN

THE ATTITUDE of British trade unions waa compared with their European counterparts yesterday hy Mr. Paul Bryan, Minister in the Department of Employment, when he addressed a British Institute of Management con- ference on EEC entry.

It was a matter of "regret," Mr. Bryan said, that British trade unlons were opposed to entry, and failed to share "our opti- mism" about the economic advantages of doing so.

Their Enropean "hrethren" were all in favour of the EEC, whatever their initial donbts might have been. "Far from finding, as our unions prognosti- cate, that the rich become richer and the poor poorer in the Com- munity, they feel their memhers have benefited enormously from it."

That benefit had not only been in terms of higher real wages and improved standards of living, resulting from rapid economic growth, it also came from more enlightened management poli- cies, improvements in conditions of employment, snd better social and walfare provisions.

He conld understand the British unions' concern thet price increases shonld not adversely affect lower income groups, but Mr. Bryan added the Government was determined to provide safe- guards for sucb people.



## 'M-WAY DELAY COSTS £200,000 A MONTH'

Delay in opening the final seven-mile section of the Mid- lands Link Motorway will cost about £200,000 a month, the British Road Federation said yesterday.

Reason for the hold-up is the safety check on the designed loading capacity of all large steel girder hridges in use and under construction in this country which Mr. Peter Walker, Secre- tary of State for the Environ- ment, ordered last June.

The Federation bases its esti- mate of the cost of putting this section out of action on an annual rate of return in cost/benefit terms of 10 per cent., the mini- mum figure at which plans for new motorways generally get the go-ahead.

APPOINTMENTS

# Group executive changes at Allied Breweries

At his own reqnest due to other commitments — particularly his Parliamentary duties—Mr. T. G. Boardman will relinquisb his posi- tion as finance director of ALLIED BREWERIES from January 1. Mr. Boardman, wbo is Conservative MP for Leicester S.-W., will remain a director of the company with special respon- sibilities whicb will include con- tinning as chairman of Allied Investments (Bermuda), Allied Breweries Pension Trust, and a director of Skol International and Skol Intarnational Investments.

From the same dato Mr. D. Holden-Brown will hecome finance director (incorporating also the duties of control director) and will be succeeded as chief execu- tive Showerings, Vine Products and Whiteways by Mr. K. S. Sbowering.

Mr. Showering will resign his position as chief executive Allied International Breweries. He will continue as chairman of Skol International Investments and as a director of Allied Investments (Bermuda) and Skol Inter- national.

Mr. A. J. B. Mason will becoma chief executive Allied Inter- national Breweries and will relin- quish his post as control director.

★

Mr. R. V. Thomas has been appointed director of finance of BUSH BOAKE ALLEN, a division of Albrigbt and Wilson.

★

Mr. J. Hugh Neill, chairman of James Neill Holdings, has heen elected vice-president of the COMITE EUROPEEN DE L'OUTILLAGE (European Tool Committee) and is expected to succeed to the presidency in 1972.

This is the first time a British representative has held office in this organisation.

★

Mr. D. W. Stride, managing director of the Commercial Bank of Australia, has been appointed to the Board of INTERNATIONAL PACIFIC CORPORATION.

★

Mr. B. Ince has been appointed to tha Board of JOHNSON MAT- THEY AND CO. with responsi- hilities for group finance. Dr. J. E. Hughes becomes the group's director of research and Mr. G. F. Bhurton is nominated director- designate to succeed Mr. R. Turner in ahout one year, respon- sible for the group's mechanical operations.

★

CUNARD LINE has appointed Mr. Richard B. Patton, its presi- dent for North America, to be responsible for commercial opera- tions for hoth the western and eastern bemisphere.

As director of commercial operations he will have overall responsibility for Cunard Line sales, advertising and other marketing fuoctions.

Mr. Bernard Crisp, Cunard Line commercial manager — sales in London—will continue in thst role with responsibility for U.K., Europa and the eastern hemi- sphere, reporting to Mr. Patton, who will continue to be based in New York.

Mr. Patton joined Cunard Line in August 1970. He was pre- vionsly with Trans World Air- lines, where he served as vice- president, passenger sales end services.

★

Professor K. L. C. Legg, Head of the Department of Transport Technology at tbe University of Technology, Loughborough, has been appointed deputy chairman of the ROAD TRANSPORT INDUSTRY TRAINING BOARD from October 18 to December 31.

The appointment has been made so that Professor Legg can act as chairman of the Board during the temporary absence, for medi- cal reasons, of the chairman, Mr. K. C. Turner.

★

Dr. M. C. Dart has joined UNILEVER as bead of effluent department in engineering divi- sion. Mr. J. McL. Philp, previously divisional manager, biology divi- sion, Unilever Research Labora- tory, has moved to head office to become environmental safety officer, research division.


Dr. M. C. Dart

★

Sir George Bolton, who was recently elected a director of LONDON AND BOMBAY UNITED INVESTMENTS, has been appoin- ted chsirman. Sir John Newsoo- Smith bas been made a deputy chairman.

★

Mr. Dave Morris bas been appointed life president of the FALCON PIPE GROUP, which is oow a suhsidiary of London and Midland Industrials. LMI's chair- man, Mr. Michael Bryceson, hecomes chairman of Falcon in place of Mr. Morris, and Mr. Geoffrey Lehain, who has been joint managing director since October, 1970, takes over full executive responsibility.

★

Mr. J. L. Dickinson, managing director of the Skefko Ball Bear- ing Company, has been appointed a part-time member of the BRITISH RAILWAYS (LONDON MIDLAND) BOARD from January 1 for a term of two years.

★

Mr. T. C. Leader has beeo appointed production director of BABCOCK AND WILCOX (OPERATIONS) from November 1. He was previously production director and deputy to the manag- ing director of C. A. Parsons and Co.

★

The Board of SEALED MOTOR CONSTRUCTION COMPANY an- nounces that following completion of the placing of Ordinary Shares previously beld by the Birming- ham Small Arms Company, Mr. L. J. E. Beeson and Mr. H. West, who were BSA's respresentatives, have resigned from the Board of SMC.

★

Mr. Albert J. Wheway, who is associated with S. G. Warburg and Co., has been appointed to the Boerd of F. C. FINANCE. He fills the vacancy erising from the resignation of Mr. A. E. Hanks, s non-executive director of S. G. Warburg and Co., who has re- duced his business commitments hecause of ill health.

★

Mr. Rohert Appleby, chairman and managing director of Black and Decker, has accepted the invitation of the Council of the BRITISH INSTITUTE OF MANAGEMENT to be the next chairman. He will succeed the present chairman, Sir Basil Small- peice when his two year term of office expires in October, 1972.

★

MORGAN GRENFELL (OVER- SEAS) has nominated Mr. Gny Hannaford as its special repre- sentativa in Italy. Mr. Hannaford will edvise Morgan Grenfell on the development of its business in that country and will provide liaison with official organisations, financial institutions and indus- trial enterprises.

★

Mr. A. C. Petersen, an executive director of RAND MINES has been appointed deputy chairman and will succeed Mr. P. H. Ander- son as chairman on January 1.

Rand Mines will in future be concerned solely with the explora- tion and mining interests of the company, the administration of the gold, coal and platinum min- ing companies in the Barlow Rand group and the administration of Transvaal Consolidated Land and Exploration Company. The industrial, property, financial and commercial companies hitherto comprised in the Corner House Group will in future come directly under the Barlow Rand administration.

# Laker bid for cheap flights to U.S.

FINANCIAL TIMES REPORTER

LAKER AIRWAYS' plan to run low-cost, no-frills "Sky Train" flights to America would bring a little order into a chaotic situation, the Air Transport Licensing Board was told yesterday.

The service would cost £37.50 for a summer flight and £32.50 in winter between Gatwick and Kennedy Airport, New York.

Mr. Harvey Crush, for Laker Airways, said: "This is an application to run a service which will bring a little order into a chaotic situation in which the law has served people badly and made otherwise respectable people resort to breaking the law because simple, low-cost transatlantic travel was not available to them legally."

## "No frills"

Many passengers wanted simple, reliable, safe and comfortable transports, with no additional frills.

"And that is all that is provided for the price of the service proposed," said Mr. Crush.

Tickets would be sold at Gatwick and Kennedy Airports only in the six hours before departure of the daily summer flights and four-a-week winter flights.

Passengers at Gatwick would be able to buy vouchers for the return trip to save foreign currency. Duty free drinks and cigarettes would be sold on the flight, with meals for those who wanted to pay for them.

Mr. Crush said the service was not aimed at existing scheduled service flights and should not divert traffic from them. Group charter flights would still be able to offer members a cheaper service.

Mr. Freddie Laker, chairman and managing director of Laker Airways, said: "I believe this is a bold, new experiment. We could afford to invest and lose £400,000 on this service without its having any impact on the actual fabric of the company, which would mean we would be conceding to this service the whole of the estimated profit for the year. We reckon it is worth about a year's profit."

# BOAC expands low-fare service to S-E Asia

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOAC, through its subsidiary, British Overseas Air Charter, is expanding its very low-fare flights to South-east Asia on November 8, when it starts flights to Singapore from London.

The London-Singapore fares will be £85 single, £170 return, compared with the present economy class scheduled fares of £223.60 single and £447.20 return.

BOAC's charter subsidiary recently began similar low-fare services between London and Bangkok and Kuala Lumpur, and similar special cheap flights are planned to India in the near future.

Similarly, the Far East Travel Centre, in conjunction with Sabre Air, the Singapore Government-controlled airline, recently started cheap flights between London and Singapore.

Individual passengers can buy tickets through Overseas Air Travel (another BOAC subsidiary) or through any travel agent.

## BR EXHIBITION FLEET TO BE INCREASED

British Rail will increase its fleet of exhibition carriages to 41 by the beginning of next year, Mr. Richard Marsh, chairman of the Board, said yesterday. He was signalling the start of the "Sellotape" inter-city exhibition train before it left London on a regional tour.

"The possibility of Common Market entry has stimulated considerable interest in overseas tours: four Western European tours and one into Russia are already in prospect," he said.



# TREND OF INDUSTRIAL PROFITS

## ANALYSIS OF 2,154 PUBLIC COMPANIES

The Financial Times gives below its monthly table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 2,154 companies which publicised their reports during the nine months of 1971. The cumulative record of the 1970 series covered the results of 2,694 public companies. (Figures in £'000.)

| INDUSTRY | No. of Cos. | Trading Profits (1) | % change | Profits before Int. & Tax (2) | Pre-Tax Profits (3) | Tax (4) | Earned for Ordinary Dividends (5) | % change | Ord. Dividends (6) | % change | Cash Flow (7) | Net Capital Employed (8) | Net Return on Cap'l % (9) | Net Current Assets (10) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AIRCRAFT & COMPONENTS | 6 | 43,108 (41,047) | +5.0 | 29,899 (29,356) | 21,850 (23,889) | 8,109 (10,310) | 19,603 (12,368) | +1.8 | 9,698 (9,661) | +0.4 | 15,671 (13,983) | 278,191 (272,104) | 10.7 (10.7) | [illegible] |
| BUILDING MATERIALS | 124 | 266,708 (244,452) | +2.1 | 181,194 (131,391) | 148,834 (133,078) | 89,534 (60,544) | 75,294 (64,534) | +16.7 | 51,728 (47,955) | +9.8 | 103,963 (90,915) | 1,412,764 (1,322,663) | 12.8 (12.2) | [illegible] |
| CONTRACTING & CONSTRUCTION | 109 | 120,918 (109,119) | +10.2 | 90,669 (79,522) | 83,671 (59,988) | 27,766 (27,638) | 33,750 (30,740) | +9.8 | 13,301 (16,532) | +3.9 | 52,818 (46,839) | 552,298 (454,347) | 14.5 (16.6) | [illegible] |
| ELECTRICALS (EX. ELECTRN. ETC.) | 30 | 184,637 (174,842) | +3.6 | 136,743 (131,834) | 106,988 (93,929) | 46,363 (45,829) | 68,032 (47,938) | +16.9 | 61,307 (30,028) | +4.5 | 87,276 (58,684) | 921,953 (968,613) | 14.1 (13.2) | [illegible] |
| ENGINEERING | 228 | 328,948 (303,468) | +8.4 | 243,490 (923,948) | 207,757 (194,002) | 99,913 (89,743) | 109,166 (97,499) | +19.0 | 65,056 (64,639) | +0.2 | 116,838 (99,041) | 1,744,617 (1,638,994) | 14.1 (13.7) | [illegible] |
| MACHINE TOOLS | 29 | 46,153 (38,292) | +20.3 | 32,981 (26,217) | 95,331 (20,761) | 13,869 (9,027) | 13,346 (9,862) | +35.3 | 7,736 (7,901) | —2.1 | 16,699 (11,602) | 292,789 (269,477) | 11.3 (13.3) | [illegible] |
| SHIPBUILDING | 3 | —961 (—2,291) | * | —3,261 (—5,181) | —3,776 (—5,792) | 768 (510) | —3,107 (—5,420) | * | 150 (1,250) | * | —746 (—4,278) | 43,357 (54,192) | * (*) | [illegible] |
| MISC. CAPITAL GOODS | 75 | 108,394 (133,695) | +4.6 | 84,234 (82,179) | 71,186 (71,326) | 30,539 (33,660) | 38,184 (32,608) | +11.0 | 22,911 (22,273) | —0.3 | 63,530 (98,603) | 584,598 (559,777) | 14.5 (15.2) | [illegible] |
| TOTAL CAPITAL GOODS | 606 | 1,097,873 (1,019,617) | +8.4 | 791,929 (722,569) | 633,013 (527,236) | 278,031 (277,561) | 333,274 (290,079) | +14.9 | 804,487 (198,639) | +3.3 | 404,229 (348,394) | 5,612,567 (5,520,367) | 16.4 (16.1) | [illegible] |
| ELECTRONICS RADIO & TV | 30 | 183,890 (161,428) | +13.9 | 110,373 (100,108) | 93,000 (87,403) | 36,311 (37,034) | 54,844 (48,852) | +12.3 | 28,110 (24,163) | +18.3 | 97,821 (84,016) | 298,853 (608,363) | 15.8 (12.5) | [illegible] |
| HOUSEHOLD GOODS | 63 | 47,232 (46,212) | +4.6 | 35,716 (34,187) | 31,663 (60,282) | 13,406 (14,085) | 17,551 (15,457) | +13.6 | 10,909 (11,040) | —1.2 | 13,551 (13,738) | 235,337 (226,034) | 15.9 (15.1) | [illegible] |
| MOTORS & COMPONENTS | 48 | 261,655 (287,476) | —12.6 | 143,783 (180,201) | 66,136 (144,587) | 48,093 (66,631) | 69,056 (70,706) | —44.8 | 29,373 (46,466) | —37.4 | 119,349 (124,724) | 1,423,731 (1,296,440) | 9.8 (13.9) | [illegible] |
| MOTOR DISTRIBUTORS | 44 | 33,337 (26,444) | +61.0 | 24,165 (17,631) | 16,690 (13,694) | 8,657 (5,932) | 6,020 (4,843) | +86.2 | 4,911 (4,176) | +17.6 | 11,319 (6,685) | 189,111 (179,167) | 12.8 (10.3) | [illegible] |
| TOTAL CONSUMER DURABLE | 185 | 516,614 (320,130) | —0.7 | 314,024 (332,147) | 236,388 (279,946) | 104,759 (192,932) | 190,471 (139,858) | —16.9 | 76,003 (86,845) | —16.0 | 245,073 (229,163) | 9,689,032 (2,336,001) | 12.1 (14.4) | [illegible] |
| BREWERIES | 33 | 241,652 (212,636) | +13.3 | 900,154 (174,729) | 163,418 (141,890) | 68,042 (62,745) | 89,498 (76,401) | +21.8 | 38,173 (62,772) | +10.2 | 69,946 (54,085) | 1,630,622 (1,565,212) | 12.3 (11.2) | [illegible] |
| DISTILLERIES & WINES | 10 | 78,176 (72,296) | +4.8 | 68,187 (65,549) | 62,126 (59,941) | 24,630 (28,309) | 37,096 (66,930) | +11.8 | 25,441 (24,092) | +6.2 | 18,770 (15,442) | 424,454 (399,903) | 16.1 (16.4) | [illegible] |
| HOTELS & CATERERS | 19 | 63,338 (46,710) | +18.5 | 45,245 (37,986) | 34,113 (30,491) | 13,314 (12,565) | 16,411 (16,302) | +19.1 | 9,866 (9,468) | +4.1 | 18,674 (14,427) | 362,379 (318,790) | 12.5 (11.3) | [illegible] |
| LEISURE | 46 | 49,113 (34,319) | +23.8 | 28,020 (21,721) | 23,498 (18,440) | 9,460 (7,912) | 16,237 (2,631) | +37.8 | 8,719 (7,449) | +17.0 | 16,993 (12,972) | 149,407 (195,904) | 19.7 (17.3) | [illegible] |
| FOOD MANUFACTURING | 63 | 360,486 (340,096) | +2.0 | 248,376 (237,957) | 193,973 (161,999) | 87,748 (89,148) | 94,739 (91,320) | +3.7 | 31,068 (69,434) | —8.8 | 138,778 (123,387) | 8,086,399 (1,968,258) | 11.9 (19.1) | [illegible] |
| FOOD RETAILING | 40 | 83,704 (75,633) | +10.7 | 61,238 (55,590) | 66,403 (50,957) | 93,772 (23,137) | 32,668 (27,198) | +91.2 | 16,998 (13,330) | +10.6 | 35,710 (29,633) | 344,964 (393,037) | 17.2 (17.4) | [illegible] |
| NEWSPAPERS AND PUBLISHING | 51 | 61,382 (64,986) | —6.1 | 44,337 (49,321) | 36,869 (42,936) | 16,493 (19,313) | 17,364 (20,563) | —15.6 | 13,267 (18,409) | +3.9 | 17,344 (90,534) | 988,373 (271,793) | 15.4 (18.1) | [illegible] |
| PACKAGING AND PAPER | 42 | 130,896 (124,287) | +6.3 | 86,424 (84,489) | 89,886 (69,781) | 30,622 (31,772) | 34,919 (33,390) | +4.6 | 23,761 (24,803) | —5.9 | 54,012 (46,128) | 763,228 (689,765) | 11.9 (19.9) | [illegible] |
| STORES | 72 | 262,433 (235,504) | +11.4 | 924,148 (199,985) | 201,831 (182,859) | 82,892 (82,462) | 118,668 (97,756) | +16.3 | 83,001 (77,169) | +7.6 | 63,935 (47,128) | 1,194,158 (1,137,864) | 18.8 (17.5) | [illegible] |
| CLOTHING AND FOOTWEAR | 107 | 47,433 (44,831) | +5.9 | 35,272 (63,232) | 29,412 (28,366) | 12,475 (13,258) | 16,172 (14,362) | +12.7 | 9,399 (6,576) | +9.6 | 16,360 (16,863) | 229,956 (207,781) | 15.3 (16.0) | [illegible] |
| TEXTILES | 86 | 188,771 (187,470) | +3.7 | 122,692 (133,052) | 93,639 (104,310) | 40,389 (46,795) | 48,468 (31,124) | —6.8 | 39,329 (39,089) | +0.6 | 64,563 (62,149) | 1,124,644 (1,041,924) | 11.4 (12.8) | [illegible] |
| TOBACCO | 6 | 295,339 (250,150) | +18.3 | 260,701 (929,148) | 243,738 (210,954) | 133,626 (94,407) | 124,361 (104,504) | +19.0 | 69,697 (58,508) | +6.3 | 90,489 (70,303) | 1,439,918 (1,332,130) | 17.4 (13.7) | [illegible] |
| TOYS AND GAMES | 9 | 3,878 (10,083) | —41.7 | 3,314 (7,568) | 9,346 (6,933) | 1,439 (3,488) | 812 (3,331) | —75.6 | 1,192 (1,480) | —19.6 | 1,883 (3,955) | 38,834 (34,539) | 8.6 (21.9) | [illegible] |
| TOTAL CONSUMER NON-DURABLE | 581 | 1,850,996 (1,599,093) | +2.9 | 1,433,508 (1,392,827) | 1,810,208 (1,139,667) | 513,339 (513,328) | 646,376 (678,102) | +19.1 | 411,918 (393,349) | +4.7 | 604,864 (513,710) | 10,099,727 (9,415,912) | 14.9 (14.0) | [illegible] |
| CHEMICALS | 47 | 812,684 (510,789) | +0.4 | 338,949 (346,236) | 276,789 (293,144) | 111,394 (126,597) | 149,816 (153,391) | —2.3 | 103,318 (37,414) | +5.0 | 211,874 (209,717) | 2,644,941 (2,411,468) | 19.7 (14.3) | [illegible] |
| OFFICE EQUIPMENT | 19 | 42,504 (38,618) | +13.6 | 31,733 (22,082) | 29,376 (27,426) | 12,736 (12,136) | 18,611 (14,853) | +11.2 | 8,277 (7,716) | +7.3 | 16,915 (14,638) | 154,334 (142,274) | 23.3 (20.4) | [illegible] |
| OIL | 11 | 1,118,801 (1,005,133) | +11.3 | 869,992 (773,472) | 807,329 (791,223) | 617,423 (419,878) | 268,705 (282,472) | —5.6 | 178,597 (179,401) | —0.4 | 333,662 (333,473) | 4,980,251 (4,567,120) | 17.5 (16.6) | [illegible] |
| SHIPPING | 23 | 112,139 (114,441) | +1.5 | 61,992 (69,219) | 47,496 (61,685) | 9,795 (13,774) | 34,446 (38,999) | —11.7 | 91,739 (12,296) | +13.1 | 65,086 (69,382) | 987,154 (848,610) | 6.4 (7.3) | [illegible] |
| INDUSTRIAL HOLDING CO. | 73 | 237,906 (910,437) | +13.0 | 177,195 (155,670) | 146,847 (128,446) | 89,679 (54,436) | 73,447 (55,184) | +27.7 | 43,038 (38,060) | +13.1 | 82,693 (67,040) | 1,339,334 (1,232,660) | 13.6 (19.9) | [illegible] |
| MISC. INDUSTRIAL | 63 | 136,029 (121,840) | +11.6 | 94,149 (83,707) | 82,666 (73,915) | 63,378 (32,463) | 45,681 (38,180) | +19.6 | 26,596 (24,067) | +10.5 | 56,262 (42,331) | 657,083 (592,636) | 14.3 (14.0) | [illegible] |
| TOTAL INDUSTRIALS | 1,638 | 6,699,539 (6,233,028) | +7.2 | 4,108,296 (3,896,629) | 3,476,341 (3,308,379) | 1,640,557 (1,563,047) | 1,683,085 (1,589,048) | +5.9 | 1,369,971 (1,043,617) | +2.5 | 9,022,655 (1,831,768) | 29,537,323 (27,139,943) | 14.0 (14.1) | [illegible] |
| BANKS | 6 | 286,497 (249,275) | +14.9 | 249,760 (999,314) | 240,930 (217,258) | 107,726 (102,708) | 126,169 (108,938) | +16.8 | 49,575 (46,016) | +7.3 | 112,697 (88,783) | 1,543,565 (1,363,380) | 18.2 (16.3) | [illegible] |
| DISCOUNT HOUSES, MERCHANT BANKS, etc. | 32 | 44,653 (36,086) | +93.7 | — (—) | — (—) | — (—) | 28,704 (24,534) | +17.0 | 15,082 (13,543) | +13.0 | — (—) | ‡6,077,295 (‡4,913,941) | — (—) | [illegible] |
| HIRE PURCHASE | 8 | 68,250 (59,576) | +14.6 | 69,913 (54,176) | 20,923 (13,492) | 8,629 (6,956) | 11,364 (7,626) | +48.9 | 6,494 (5,067) | +26.8 | 12,443 (7,429) | 362,472 (255,460) | 17.0 (21.2) | [illegible] |
| INSURANCE | 25 | 130,617 (101,587) | +28.5 | — (—) | — (—) | — (—) | 95,231 (75,833) | +25.6 | 74,600 (38,163) | +9.3 | — (—) | 7,243,783 (6,733,506) | — (—) | [illegible] |
| INSURANCE BROKERS | 13 | 44,713 (34,896) | +98.1 | 35,848 (28,428) | 26,010 (21,134) | 10,961 (9,042) | 14,611 (11,740) | +24.5 | 7,893 (6,601) | +19.6 | 13,916 (9,408) | 173,791 (140,293) | 91.3 (20.3) | [illegible] |
| INVESTMENT TRUSTS | 296 | 165,806 (148,952) | +4.2 | 153,317 (145,338) | 124,689 (118,221) | 9,164 (2,598) | 109,757 103,655 | +8.3 | 102,086 97,631 | +4.7 | 7,319 (6,089) | 2,837,954 (2,866,451) | 5.4 (5.1) | [illegible] |
| PROPERTY | 76 | 121,169 (109,459) | +10.7 | 117,083 (106,246) | 49,769 (43,686) | 16,964 (15,730) | 39,732 (26,947) | +21.8 | 27,489 (22,384) | +21.8 | 7,789 (6,949) | 9,082,203 (1,687,569) | 5.7 (6.3) | [illegible] |
| MISC. FINANCIAL | 17 | 22,597 (45,524) | +30.9 | 53,530 (40,697) | 33,083 (95,535) | 12,019 (9,648) | 18,893 (14,234) | +32.7 | 11,189 (8,913) | +36.2 | 19,179 (3,796) | 340,873 (973,940) | 15.7 (14.9) | [illegible] |
| TOTAL FINANCIAL | 401 | 911,199 (785,352) | +16.0 | 369,131 (596,868) | 494,581 (441,367) | 164,456 (153,483) | 437,491 (373,305) | +17.9 | 294,311 (267,518) | +9.9 | 135,913 (127,678) | †7,297,591 (†2,587,093) | †9.9 (†9.1) | [illegible] |
| RUBBERS | 40 | 25,368 (28,222) | +14.1 | 22,305 (19,388) | 21,078 (18,673) | 7,812 (7,409) | 13,154 (11,917) | +17.3 | 10,117 (9,548) | +3.3 | 6,943 (4,129) | 106,691 (104,813) | 20.3 (18.6) | [illegible] |
| TEA | 41 | 6,065 (6,672) | +37.9 | 7,287 (4,776) | 6,549 (4,066) | 3,341 (8,144) | 2,990 (1,642) | +77.8 | 1,688 (1,697) | +11.1 | 9,639 (1,485) | 84,824 (83,911) | 9.6 (5.7) | [illegible] |
| TIN | 13 | 7,714 (6,618) | +13.6 | 6,256 (5,709) | 3,587 (5,642) | 9,687 (2,901) | 4,089 (3,338) | +98.3 | 3,569 (3,216) | +13.9 | 1,402 (865) | 97,205 (26,784) | 24.5 (21.3) | [illegible] |
| MISCELLANEOUS MINING | 9 | 168,366 (149,794) | +12.4 | 135,436 (124,222) | 113,816 (108,606) | 38,599 (40,002) | 60,270 (45,190) | +11.9 | 28,561 (28,631) | +7.6 | 63,051 (44,494) | 1,066,385 (846,059) | 12.7 (14.7) | [illegible] |
| OTHER RAW MATERIALS | 16 | 30,018 (18,212) | +7.6 | 14,373 (13,454) | 11,826 (11,394) | 3,763 (5,516) | 5,499 (5,467) | +0.6 | 4,148 (4,102) | +1.1 | 6,239 (5,394) | 126,209 (193,606) | 11.3 (10.9) | [illegible] |
| TOTAL COMMODITIES | 116 | 230,520 (203,818) | +13.1 | 186,760 (167,549) | 162,856 (148,061) | 57,863 (37,069) | 76,939 (66,864) | +13.6 | 48,221 (45,097) | +7.3 | 69,160 (56,540) | 1,411,944 (1,186,166) | 13.2 (14.1) | [illegible] |

### NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits, plus investment and other normal income properly belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B. — Certain companies, including merchant banks, discount houses, insurance and shipping companies, are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation, that is to say profits after all charges, except loan and other interest, but before deducting taxation provisions and minority interests. In the case of Banks no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits, that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excludes adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—
1 Minority interests.
2 All prior charges—sinking fund payments, etc., and Preference dividends, and
Provisions for staff and employees' pension funds where this is a standard annual charge against net revenue.

Col. 6 sets out the gross cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends, is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets, trade investments and current assets—excluding intangibles such as goodwill—less current liabilities and bank overdrafts.

‡ For merchant banks and discount houses a more realistic figure to ... the balance-sheet total.

Col. 9 represents the net return ... capital employed. Col. 2 as a percentage of Col. 8 provides an indication ... average profitability.

† Excluding merchant banks, discount houses, insurances, etc.

* No figures given as pre-tax ... negative.

Col. 10. Net current assets are ... at by the subtraction of current liabilities and provision from current assets ... must therefore be regarded mainly ... indication of the volume and the ... industrial activity and is not necessarily a true guide to actual liquid resources.

# Jumbo jets for Pan Am 'round world' service

By Michael Donne

PAN AMERICAN World Airways is introducing its Boeing 747 Jumbo jet on to its "round the world" service from October 31, replacing the Boeing 707s which have operated the service for several years.

Pan Am, which now has 30 Jumbo jets in service, flies them into 33 cities on its network. It has now accumulated 134,000 hours of Boeing 747 operations, with over 3.2m. passengers carried since the first service began in January last year.

After its initial teething troubles, the Jumbo jet appears to have settled down well, and the airline considers that it is a "great aeroplane."

Pan American's "round-the-world" service calls at New York, London, Frankfurt, Istanbul, Beirut, Tehran, Karachi, New Delhi, Bangkok, Hong Kong, Tokyo, Honolulu and Los Angeles.

# Building societies "must watch money inflow"

FINANCIAL TIMES REPORTER

MR. LEONARD WILLIAMS, chief general manager of the Nationwide Building Society—Britain's third largest—said at a conference in Eastbourne yesterday that there were some important lessons to be learned from the way things had gone in the private housing sector over the last two or three years.

Private housing starts fell from 233,000 in 1967 to 165,000 in 1970, he said. In that year the inflow of money into building societies began to increase and total mortgage lending in 1971 will reach £2,500m. which will be two-thirds as much again as the average which was lent in the three years from 1967 to 1969.

## Seldom equalled

"We have this year, therefore, a situation in which a massive increase in building society lending has coincided with a relatively low level of private house completions and the consequence has been plain to see," Mr. Williams went on. "There has been a concentration of demand on the existing stock of second-hand houses with the result that prices have risen at a rate which has seldom before been equalled."

In the case of new houses, production was beginning to gear up and starts were now showing a material increase.

"The lesson to be learned from this," he commented, "is that building societies and indeed, the nation, must endeavour to avoid a repetition of the cycle we have seen in operation since 1967 and that having got private house construction moving forward again, we must take great care to see that it keeps moving and that means a high and steady volume of money being available to lend to house purchasers."

## COMBEX MARKETS KITCHEN TOYS

Dunbee-Combex-Marx said yesterday its toy subsidiary, Combex, will develop and distribute the entire toy interests of Rutland Plastics, a firm of precision injection moulders manufacturing Katies Kitchen Toys for girls.

# Park Lane leasehold fetches £2.5m.

Financial Times Reporter

THE head leasehold interest ... a large building on a corner ... in Park Lane and Oxford Street, London, has been bought ... £2.5m. by Pepper Angliss ... Yarwood and Druce and Co. ... behalf of pension fund clients.

The property, 139-149 Park Lane and 535-539 Oxford Street ... 61,600 square feet of office ... dential and restaurant accommodation on eight floors ... present income is about £1... a year.

A spokesman for Pepper Angliss and Yarwood said the property was subject to a number of tenancies and "substantial ... sions" were expected during the next few years.

In Yorkshire, £124,000 has been obtained by auction for a part of the Great Yorkshire ... ground, Harrogate. The 7... of land has planning permission for 68 houses. The auctioneers, Renton and ... of Harrogate, and Stephenson ... Son, of York, reported the high figure reflected the ... ing demand for houses ... Harrogate.

## RESIDENTIAL PROPERTY



## LONDON HOUSES AND FLATS



## INVESTMENTS WANTED



## TO LET



## CONTRACTS AND TENDERS



## COMPANY NOTICES



# Cunard in deal with American Express

By James McDonald, Shipping Correspondent

CUNARD will accept American Express credit cards for its transatlantic routes and cruising.

American Express regards the acceptance as a major break-through into prestige world shipping: it is the first acceptance by a shipping company operating on the transatlantic route of any kind of card facility for passengers.

The card will be honoured at Cunard offices and their appointed passenger ticket agencies for all sailings and services. A card-holder will be able without formality to book a stateroom in the QE2 or in the new Adventurer cruise-liner, which enters service next month.

The agreement introduces a "Sign and Sail" facility for card-holders similar to the "Sign and Fly" air plan, enabling a fare payment to be spread over three, six, nine or 12 months at "low" interest rates, said the joint announcement by Cunard and American Express.

The French Line, which operates the superliner France on the North Atlantic during the peak tourist season, confirmed last night that this was the first time, to its knowledge, that credit cards had been accepted on the route.

In the Cunard ships the credit card can be used for settlement of all on-board expenses, including bar bills, with one exception, hairdressing accounts. Another might be tips.

This development has taken place less than two months after Trafalgar House Investments obtained control of Cunard with Mr. Victor Matthews taking over as chairman and chief executive. Within a week of his taking over Cunard Line informed the Trans-atlantic Passenger Steamship Conference that it was withdrawing from the conference and by September 9 Mr. Matthews was announcing that Cunard was offering transatlantic round-voyage holidays in the QE2 at one-way prices this autumn.

# Concorde price may be set next month

PARIS, Oct. 19.

M. HENRI ZIEGLER, president of Aerospatiale, one of the companies involved in the Anglo-French Concorde project, said he expected the British and French Governments to set a price for the Concorde next month.

"Unless we have a selling price, we cannot conduct business," he said. Company officials estimated the price would be around $27.8m.—Reuter.

Michael Donne writes: As already reported, the two Ministers in charge of the Concorde project, Mr. Frederick Corfield, Aerospace Minister, and Mr. Jean Chamant, French Transport Minister, are due to meet in Paris, probably some time in November, to review progress with the project. The selling price to be set for Concorde will be one matter on the agenda.

# New hope for end to Swan Hunter strike

BY OUR OWN CORRESPONDENT

SOUTH SHIELDS, Oct. 19.

THE 700 fitters who went on unofficial strike last Friday in the Tyne yards of Swan Hunter Shipbuilders, have been called to a mess meeting at Wallsend tomorrow. This has raised hopes they might soon be back at work.

The men will be addressed by Mr. George Arnold, divisional organiser of the Amalgamated Union of Engineering Workers who, with shop stewards, will then have talks with management representatives.

The delegation will report back to the men after the meeting.

Mr. Barney Reid, secretary of the shop stewards' committee, would not say to-day whether the meeting and talks with the management would eventually lead to a recommendation to the men to go back.

It seems moves have been made in the hope of bringing about an early end to the strike.

Because of the stoppage, Swan Hunter to-day laid off 70 ancillary workers, whose jobs were dependent on the fitters. No other lay-offs are contemplated for the moment.

The strike arose from a claim by the fitters for improved bonus payments and the suspension by the management of 25 of the men who refused to work lunch-hour overtime in the new missile destroyer Bristol when it was running engine trials.

## Journalists reject 4% pay offer

THE NATIONAL Union of Journalists yesterday rejected a 4 per cent. pay offer for 9,000 regional daily and weekly newspaper staff. The union had asked for minimum increases of £7 a week for qualified journalists working in the provinces and £10 for those based in London.

The Newspaper Society's offer was £1.10 and £1.40 from next January and a further £1.50 12 months later. It was conditional upon a "freeze" on house agreements.

No offer was made on the NUJ claim for an extra two weeks' holiday, making six a year, and the inclusion of mealtimes in the agreed weekly hours.

The two sides have agreed to meet again early next month.

# ASTMS launches plea for more money

BY OUR LABOUR CORRESPONDENT

AFTER spending £100,000 in industrial dispute pay in the first nine months of this year, Mr. Clive Jenkins' Association of Scientific, Technical and Managerial Staffs is appealing to district councils and branches for more money.

Launching this appeal, Mr. Jenkins forecasts that the present "period of tension" will continue.

The union's treasurer, Mr. Jimmy McKie, warned the 250,000 members recently that it faced rapidly escalating costs. Factors in this year's increase in dispute pay are the steeply rising membership of the union and a protracted and costly dispute at Courtaulds' textile factory at Spennymoor, Co. Durham.

Last year ASTMS had a surplus—after paying £75,000 in dispute pay—of some £26,000, which represented 4 per cent. of income, remaining in the general fund. Mr. McKie added: "From a business point of view this is not very grand. In 1971 there will be no surplus—quite the contrary."

Consequently, the union was not providing the sort of financial security necessary for an organisation of its size. The only solution to escalating costs, he added, was to consider increasing its membership contributions of £7.80 a year. He contrasted this with the £14.16 paid by draughtsmen, the £12.62 to £17.2 by cine technicians, and the £12 by journalists.

# Securicor group plans lorry park-hotel

BY KENNETH GOODING

BRITAIN'S first long-distance lorry park with hotel is to be built at Felixstowe by the Associated Hotels-Kensington Palace Hotels group—which includes Securicor.

Mr. Keith Erskine, chairman, said yesterday if this pilot scheme is successful, it would be extended to cover the rest of the country.

He pointed out that the scheme called on the expertise of the hotels side of the business and that of Securicor which would operate the lorry park under strong security conditions.

The Felixstowe project, which was in the last stages of negotiation, would involve an hotel with about 100 bedrooms. The cost would be "in six figures," but the company, after discussions with representatives of the hauliers, was satisfied the price per night would be acceptable to the hauliers.

Felixstowe was chosen as the first site because it was a container port which attracted Continental traffic. This could be expected to grow if Britain became part of the Common Market, he said.

The scheme was in line with recommendations about lorry parks-hotels, described as "lotels" in a recent White Paper.

Associated-KPH would not be able to finance a national network on its own—the cost could be in the region of £20m.—but it would probably go into partnership with one of the large hotel groups, said Mr. Erskine. The other group might operate the hotels side and Securicor take over the security of the park.

# Court ruling on trust fund cuts estate duty by £500,000

A CONTENTION by the Inland Revenue that estate duty is payable on the capital value of shares settled in 1958 on the late Mr. John Barry Clarkson by his father, Mr. Frank Henry Clarkson, founder of Clarkson Engineers, of Nuneaton, was rejected in the High Court yesterday.

Mr. Barry Clarkson, aged 30, his wife and two children were killed in an air disaster on November 4, 1967.

Mr. Frank Clarkson was until recently chairman of the company.

The matter was before the court on a construction summons, the parties to which were the fund's trustees and the tax authorities.

Mr. Justice Megarry said Mr. Frank Clarkson made a settlement on March 21, 1958, settling shares on certain trusts for the benefit of his daughter, Dorothy, and his son, Barry. No question arose concerning Dorothy's fund.

When Mr. Barry Clarkson died, the capital value of his fund on the quoted price of the shares was rather over £550,000.

Under the settlement, the income was dealt with in three "slices," the first being for 15 years from the date of the settlement and comprising the income of the whole of the fund. This was followed by two "slices," each of five years, of two-thirds and one-third of the income respectively.

The drafting of the deed was far from perfect, said the judge, but it made a clear distinction between capital and income.

He held that estate duty was not payable on the principal value of the fund, but only on income accruing to March 21, 1983. He awarded the trustees costs of the hearing.

The effect of the decision will be to reduce estate duty payable in respect of Mr. Barry Clarkson's interest in the fund by over £500,000.

# U.K. plastics output hit by imports

BY JOHN TRAFFORD

FOR THE first time in the memory of most people in the plastics industry, the total volume of plastics made in the U.K. has fallen substantially. Figures just released by the Department of Trade and Industry for the second quarter of the year show a 4 per cent. decline to 374,000 tons, compared with the same period of 1970.

Trade sources last night were blaming cheap imports of materials, particularly in thermo-plastics, for the downturn. Demand overall is believed still to be rising at 1 to 2 per cent annually (compared with the 12 per cent. annual rate established during the past decade) but the whole of this growth and more besides has been taken up by imports.

## Attractive target

Common Market producers, particularly those in Italy and France, are identified as the the main source of the imports. Over-capacity on their home markets coupled with the low tariff on plastics imports into the U.K. has made Britain a particularly attractive target.

A similar situation is expected to be shown when DTI figures for the third quarter are published. The problems facing plastics raw material manufacturers were highlighted in the Confederation of British Industry survey on industrial trends.

Only 10 per cent. of the respondents in the organic chemicals, synthetic resins and plastics materials sector said they would be authorising more investment in the next 12 months than in the preceding 12 months, compared with as many as 64 per cent. in June.

The latest DTI figures show that U.K. output of polystyrene and PVC fell by 10 and 3 per cent respectively, while polyolefins (the category including polyethylene and polypropylene) showed virtually no change.

In thermosetting resins, alkyds rose by 12 per cent., but this was offset by falls of 7 and 6 per cent. in polyesters and phenolics, and by a 6 per cent. drop in aminoplastics.

## PIPE SERVICE EXTENDED

Extensive additional facilities are now offered by the United Kingdom Construction and Engineering Company of Liverpool, a WGI company, with the opening of a new design services division at Burlington House, Eaglescliffe, Teesside. The division is headed by W. Bollands, formerly assistant chief engineer and chief piping designer of the Power-Gas Corporation.

The division's services include the provision of flow sheets, plant layouts, and the fabrication, erection and testing of pipework installations.

# Solicitors' warning in haulage row

By Our Own Correspondent

PETERBOROUGH, Oct. 19.

A HAULAGE company has threatened to take the Transport and General Workers' Union to court if its lorries are "blacked" over an unofficial strike. The warning came to-day in a letter to Mr. Alfred Avison, the union's district secretary at Peterborough.

The strike started three weeks ago, when lorry drivers employed by J. W. and E. Smith, Peterborough, walked out over the dismissal of their union organiser. The negotiations, which have reached deadlock, now embrace pay and conditions, including a claim for an extra £3 a week which, the company says, will force it to close.

Drivers employed by Mid-Anglia Transport, which operates from the same depot, are on strike in sympathy and the union has threatened to "black" lorries from both companies if they are operated by non-union labour.

## "No right"

Solicitors acting for Mid-Anglia Transport wrote to Mr. Avison saying: "At no time have Mid-Anglia Transport been concerned in the present dispute and we have been asked to point out that you have no right whatsoever to take any action or to encourage or prevail upon others to take any action which might in any way adversely affect the business of Mid-Anglia Transport. If, as you have apparently threatened, Mid-Anglia Transport are blacked proceedings will be issued against you in the courts."

The solicitors also point out that they act for J. W. and E. Smith and add: "At the present time the directors of Smiths can not hope to influence you in the advise you give to the member of the union formerly employed by Smith but we must make it clear that in the view of Smith you have no right to interrupt or obstruct the activities of non-union labour with that company."

Mr. Avison said later: "I have sent a full report on this situation to my superiors but I doubt if the members will be swayed by threats of this nature. They feel strongly enough about the strike situation to stay out and I must stand by their decision."

## SUPERVISORS IN SIT-DOWN

A sit-down strike over redundency plans was staged yesterday by 52 supervisory workers at the Redman B and K factory at Tipton, Staffs. The Association of Scientific, Technical and Managerial Staffs warned that the men would not return to normal working unless their demands were met.

The sit-down began when 10 workers were told they were to be made redundant. The company recently announced there would be about 43 redundancies at the plant and 1,000 workers would be sacked at its other factories.

## STRIKES THREAT TO EVER READY

Supervisory and staff workers at the Ever Ready factory at Park Lane, Wolverhampton, are planning a series of lightning strikes and go slows, and a work to rule. The dispute is over a pay claim, and the negotiating procedure has been exhausted.

The company has been asked to improve a 2½ per cent. pay rise to the 180 workers which was awarded recently with a new wages structure, but it has refused all requests for an increase.

# New ship for Tyne-Denmark ferry service

DFDS, the Danish shipping line, will have a different ship running next year on its summer service between the Tyne and Denmark.

The 5,000-tons mail boat, Prinsessen, is being taken off the service after three summers. It has been sold to a Finnish company.

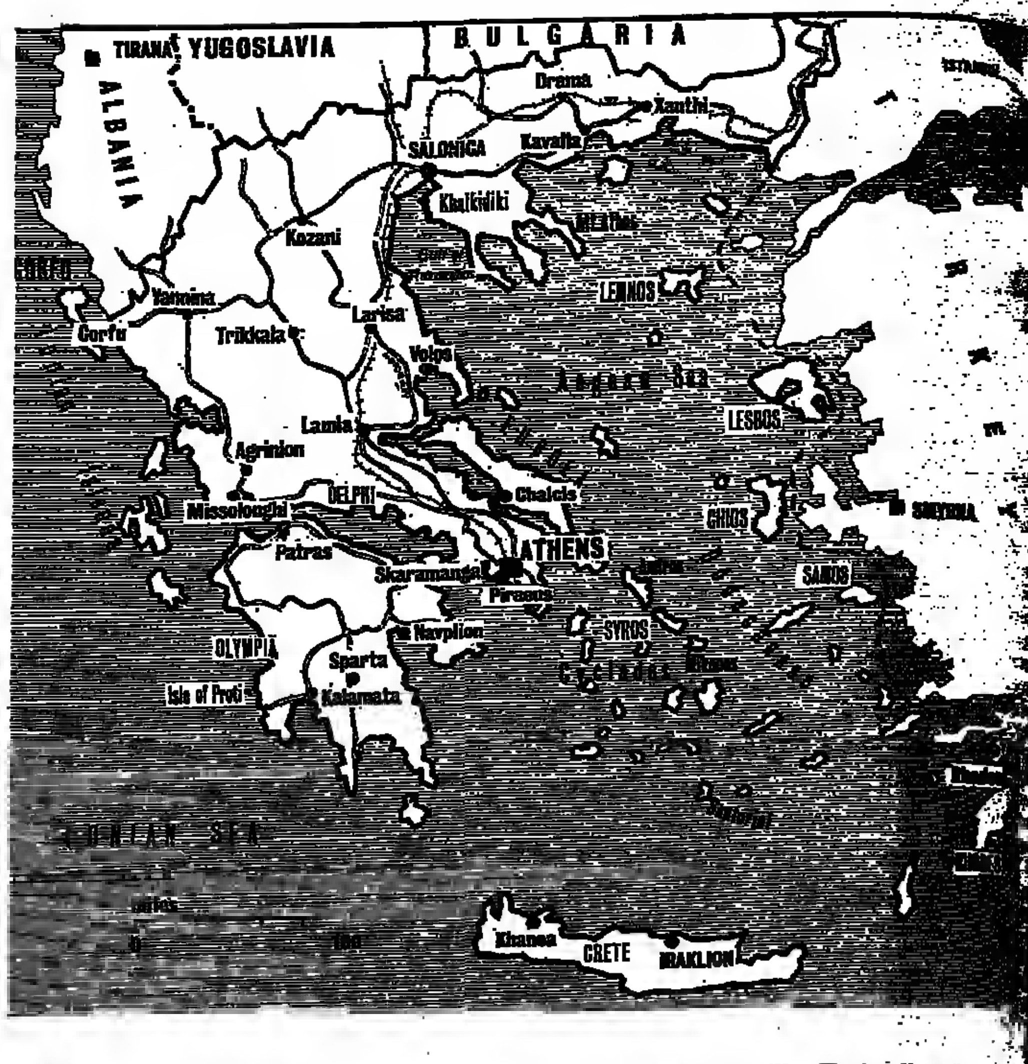
"We intend to operate the Tyne service with other tonnage next year and this question is now being discussed," said a DFDS spokesman yesterday.



## INTERIM STATEMENTS

# Greece

FINANCIAL TIMES SURVEY




## A superficial stability

By J. D. F. JONES, Foreign Editor

*Athens*

So far as one can see, Greece is quiet. The proviso is important because Greece to-day is a military dictatorship, as it has been for four and a-half years, and totalitarian states have to be peculiarly inefficient, or bitterly hated, or both, if they cannot manage to present a quiet appearance to the outside world. The Colonels are certainly not inefficient and it is unlikely that they are greatly hated. Indeed, they like to think they are greatly loved (a temptation shared by many dictatorships).

This is where there may now be emerging a faint gleam of cheer for the opponents of the régime because it is now just possible that the leader of the Army Junta, Mr. George Papadopoulos, is sufficiently uneasy about the long-term resolution of his country's problems, and at last supreme enough among his military colleagues, to be preparing to move towards a cautious resumption of a constitutional, even democratic rule. No one knows the sort of timetable he has in mind. He may not know himself. But if there is not yet any movement, here in Athens there is growing expectation of movement.

### Real stability

If Papadopoulos does in fact decide to move on from the present situation it will be because, unlike many of the Army officers, he realises that Greece cannot achieve any profound and real stability under the present arrangements. It is possible to argue that Greece has never been stable, as witness the violent disturbances of the two years before the 1967 Army coup, or the literally hundreds of governments which litter the pages of modern Greek history. Alternatively, Western Europeans sometimes prefer to describe Greece as a Balkan state and therefore by definition unstable—a view which some of the Colonels have borrowed to prove that theirs is the only solution.

"The stability of oppression" is how one distinguished politician summarised the present situation for me, and he is right in that this is a Government which still chooses to rely on martial law, arbitrary arrest, imprisonment without trial, military courts, torture of prisoners, control of the Press, the purging or exile of critics and the suppression of protest and of free speech. All these things undeniably help give the regime its impregnable appearance: only a very brave citizen would to-day dare to work against the regime.

And indeed, many Greeks do not wish the end of the regime. Distressing though the fact may be to the exiles and the intellectuals and the democrats, there is considerable evidence of the regime's popularity. The Colonels do not simply scourge liberalism but they also practice a vigorous paternalism, a modestly benevolent despotism, which so far as the outsider can tell seems to have won them much popular sympathy. The evident affluence of the country would be a good part of the explanation: the $1,000 per capita income level has almost been reached, wages are rising faster than prices, the emigrants send back their money, tourism booms. The regime has now been in power long enough to be able to claim responsibility for this prosperity, while the memory of the troubles of the mid-sixties is still vivid enough to keep the Politicians—even those who have had the courage to reject exile and sit it out in Greece—for the most part discredited. Always, too, there is the memory of the devastating civil war of the 'forties.

It may also be true, as some Greek intellectuals believe, that the Greek's concern for their political freedom has been (temporarily?) stifled by a heightened consumer-awareness as they pass through the economic period of transference from under-developed to developed status; while it is probably naive, as well as insulting to the Greeks, to imagine that this new affluence has fully reconciled them to the "New Democracy" of the Colonels, their prosperity obviously makes it less painful than it would otherwise have been.

Other factors contribute to this absence of protest. The Colonels, for example, are adept at reminding the middle-aged and the middle-class of the dangers of turbulence by pointing to Italy, say, or even the U.S. as somehow being a warning against belittling the "Hellenic-Christian" virtues the Revolution has invented and now claims to represent. Then there is the skill with which the Colonels sometimes operate. There is still a comic side to the paternalism—for example, the clacker-balls which swept Europe this summer were promptly banned by the Colonels in the cause of public order, rather as they once successfully forbade the traditional throwing of plates on the bouzouki floor (the Greeks now throw glasses instead!). But foreign newspapers are wisely allowed to circulate as a sop to the tiny minority of intellectuals and the proposed Press law was amended this year following an uproar of protest.

### BASIC STATISTICS

| | |
|---|---|
| AREA: | 51,000 square miles |
| POPULATION: | 8.92m. |
| GNP: | £3,577m. |
| GNP per capita: | £401 |
| TRADE (1970): | |
| Imports: | £788.6m. |
| Exports: | £258.7m. |
| Imports from U.K.: | £57.2m. |
| Exports to U.K.: | £19.6m. |
| TRADE (1971): | |
| Imports (six months to June): | £380m. |
| Exports (six months to June): | £110m. |
| Imports from U.K. (eight months to August): | £48.8m. |
| Exports to U.K. (eight months to August): | £9.8m. |
| RATES OF EXCHANGE: | £1=74.5 Drachmas |

### Political offences

Even on the notorious question of political prisoners, the regime slowly came to understand that they were mostly an unnecessary embarrassment and released 1,600 leaving, if the official figures can be trusted, 241 prisoners convicted of political offences and 60 still held without trial in addition of course to numbers of deportations, exile orders, seized passports, and so on.

Meanwhile, the industrial workers who might have been expected to be a focus of opposition have been (so far as one can see) silenced by affluence and efficient supervision, and the youth whom one would expect to spark regular protests tend in Greece to be less politically active than elsewhere in Europe.

None of this is to underrate the sincerity with which the Colonels are rejected by many of the population: the recent funeral of the poet-diplomat Seferis gave a rare chance for its expression. But the fact remains that the efficacy of opposition *in the present circumstances* must be doubted.

So the Colonels are able to believe that they are popular, as indeed in some cases they are. Part of my own evidence for this was an expedition I made last week with Deputy Prime Minister Pattakos into the market of Athens. The arrangements were all my own, there was no possibility of prior warning of his arrival, and the result was a spontaneous and affectionate welcome for their leader from the working-classes of a sort that I have rarely seen elsewhere. Admittedly, Pattakos is the clown of the regime and has now lost his ministerial powers, and admittedly the same crowds might have hailed any leader who was prepared to come down and talk to them about their problems but it was just one small example of a phenomenon which *may*, conceivably, be far stronger and more extensive throughout the country than the opposition politicians dare to believe possible.

At least, the Colonels believe they are popular, just as they do not appear ever to doubt the rightness of their policies and the justice of their actions. And they believe, or purport to believe, that they would win any election or any sort of popular referendum. Here, then, is the great conundrum of Greece today: why do the Colonels still suspend those clauses of their 1968 Constitution which concern a return to parliamentary elections? Why, for that matter do they maintain martial law, which is probably no longer essential?

One explanation is that some members of the regime genuinely do not believe in popular elections because they have developed a confused and zany political philosophy which talks of the "New Democracy." This argument leans heavily on the majority referendum vote in favour of the new Constitution of 1968, constantly confusing this with an endorsement of the present Government, and often goes on to argue that the regime's contacts with the various sectors of the population are adequate proof in themselves that an election is unnecessary. At this point, it joins forces with the ultra-naive view that the people so obviously love their regime that an election would be superfluous. But this "New Democracy" view, while widely held, is probably far too simplistic to convince Papadopoulos, the man who it is now clear will personally decide the next step in Greek politics.

### By skill

Despite his prominence from the beginning, Papadopoulos has only recently approached unchallenged supremacy in the Junta. The years since 1967 can indeed be seen as the story of his manoeuvres to emerge from the collegiate system of the revolutionaries to a personal dictatorship. In September, 1970, for example, he seemed near this but was checked and only in the reshuffle last August could he be seen to have succeeded at last. For a man without popular appeal, without oratory, without any power of personal projection, this victory had to be won with political skill and by virtue of his clearly superior intelligence. But will this man—who still travels through Athens with the paraphernalia of the military dictator, and who would certainly not dream of visiting the market unprotected—use his new power to implement the Constitution?

By and large, expert and informed observers believe that he will. He is alleged to ha[ve] indicated that he apprecia[tes] the attraction of going thro[ugh] with some sort of election which he would lead a pa[rty] in defence of the 1967 Revo[lu]tion. Apparently he shares [the] belief of his colleagues, ri[ght] or wrong, that he would w[in].

So why the delay? Why t[he] reluctance even to discuss t[he] vaguest timetables? The simp[lest] answer may be that this soldi[er] will not find it easy or co[n]genial to play the politici[an] and that he is in a sense ner[v]ing himself for the decision. [In] this process, too, he will b[e] aware of the group which, mo[re] than the Old Politicians, th[e] workers, the bourgeoise, th[e] younger generation, is the mo[st] powerful influence of all up[on] the direction of events—t[he] Army itself.

It remains a mystery whet[her] the officers are in general [...] satisfied with the progress [of] their Revolution, and if [...] whether they will allow Pa[pa]dopoulos to re-introdu[ce] civilian rule. The likelihood [is] that most serving officers a[re] content with the benefits th[at] the coup has brought them a[nd] probably are not anxious to [go] back to barracks. More intere[st]ing, though, is the rumour[ed] group of lesser officers who a[re] said to be toying with N[...]

Continued on next page

REECE II

# nvisible earnings conceal economic weaknesses

J. D. F. JONES

ven the most complacent nd of the Colonels would it hard to deny that the me has oeeded, and enjoyed extraordinary share of luck year to enable it to main- the surface prosperity ch has done so much to re- the Greek people to totali- an rula. The fact is that the ek economy has been, almost aculously, preserved from perils of a gravely accelerat- trade deficit by the trium- nt performance of the itry's invisible earnings— while there have been ous dramatic once-and-for- windfalls this summer, there also been good enough on to believe that the iomy will continue to be tioned from the worst im- ations of the trading unt.

here is nothing new about trade deficit Greece is now aing, except its scale. As s a developing economy the cit has been chronic for y years and Ministers have lly been justified in look- beyond the short-term prob- and stressing the priorities export encouragement and ort substitution. The snag is Greece's exports and im- s are now both behaving in a way that complacency ld be foolhardy.

1970 the trade deficit bed to no less than 34m. (the 1968 figure was m.). In the first six months this year the deficit was m. (compared with $507m. the same period the ious year) and by end ust had become $862m., a 24 ceot. rise on the same od of 1970. Imports had by 14.5 per cent. over e eight months despite an nsive range of restrictive sures, and exports had ally declined. The trade for the year looks like hing $1,300m.

## Growth rate

gainst this can be set a rkable performance by the ibles. There is, for example, booming tourist industry, h appears to be running at re than 50 per cent. growth for the year, which shows ign of slackening in the ediate years ahead and h lends authority to sterial insistence that a y import bill for, say, hotel oment, can be tolerated in a couple of years time foreign exchange cost will been covered.

re important than tourism, gh. are both the shipping emigrant remittances. ce's heavy export of man- r, though now making for ages of skilled labour at , helped bring $343m. in ttances last year and, aided ne D-Mark revaluation, is going to do significantly better this year. Earnings from ship- owners as well as sailors are also doing well (January-June remit- tances totalled $158m. compared with $124m. in the same period last year). Part of the benefits now flowing from the shipping sector apparently derive from the Governmant's campaign to give the ship owners induce- ments to bring their fleets "homa" and set up headquarters in Greece; this process, coincid- ing with a period of world currency instability, has also helped the capital account.

All this had by end-June brought a net invisible balance of $373m. (compared with $272m. in the same period of 1970). and had by end-August reduced the shortfall on cur- rent account to $276m. which does not compare too badly with the 1970 12-month deficit of $415m. But at this point the summer windfall enters the pic- ture, bringing an unforeseen capital inflow which this last two or three months has reached almost dramatic pro- portions.

## Dollar holdings

The main element seems to have been the period of mone- tary crisis which followed the Nixon statement of mid-August. There was, for example, an un- loading of about $40m. of "un- official" dollar holdings into Greek banks in August, hoarded funds which at first had to be discreetly described in the statistics as "tourist re- ceipts." But apparently the in- flow has continued apace since August. For instance, the gold and foreign exchange reserves which at end-1970 had been just over $300m. had risen to $386m. by end-August and by mid-September are understood to have reached $427m. The authorities insist that this in- flow cannot be described as hot money, and up to a point they are probably right.

Nevertheless—and with every allowance being made for the reasonable likelihood that there will be no early reversal of this good fortune—it would be rash to allow these statistics to conceal the fundamental prob- lems which the regime must confront. It is hard, for instance, to dismiss the impres- sion that on the trade account tha imbalance is too acute to be treated either with nonchalance or the vague assurance that everything will work out in the end. The export sector's failure to reverse the down-trend cannot simply be described by this year's inevitable and total loss of $40m. of nickel exports, added to the familiar problems of several traditional agricul- tural exports.

And when one looks at the measures which have so far been taken to slow back imports (tha freezing of credit expan- sion; importers forced to lodge deposits with the Bank of Greeca; the delaying of licences, etc.), and observes that the rate of growth of imports has only been slowed, not halted or reversed, then one begins to wonder whether the Govern- ment's hesitation to take effective measures offers a clue to tha nature of the regime.

For example, the devaluation of the drachma has been a sub- ject of at least theoretical dis- cussion for years; earlier this year the devaluation argument briefly gained ground in inter- national trade and financial circles, but the drachma is pegged to the dollar and the currency adjustments of recent months have probably given the Greeks enough extra leeway to dismiss the prospect of de- valuation once again. Yet tha vigour with which Ministers and officials in Athens refuse even to talk about devaluation as one solution to their problems, when added to the excessive optimism with which they tend to de- scribe the economy, and then the adamance with which they insist that the regime is not considering further measures such as some sort of direct controls on imports, all encourages the impression that the Colonels are desperately anxious not to make any noticeable policy change in the economic field which would allow the electorate to ask whether something was indeed wrong. A democratic Govern- ment can, usually, chop and change its economic policies without too great a risk of political embarrassment. Para- doxically it may be that the authoritarian regime in Athens hesitates to admit to problems still unsolved because it imagines that the population shares its own belief in its in- fallibility, and that admission of failure in one field would expose everything else to the same indictment.

## Heavy borrowing

This point may be connected with the régime's care to pre- sent an *approval* for a foreign investment project as the deed itself. As a later article shows, the regime continues to have difficulty in attracting sub- stantial investment despite the inducements offered: $1,500m. of projects may have been approved since 1967 but only $170m. has arrived compared with the $330m. of the similar period before the revolution. The long-term implications for Greek industry cannot be said to be anything but alarming particularly as the progress of the EEC Association agreement will bring down protective barriers of the domestic market in 1984.

The only danger which the authorities to-day will usually admit to is the strength of the inflationary pressures which have been building up—and they can do so comforted by the knowledge that, for the moment, these pressures are not, for whatever reason, having any serious impact. The Opposi- tion indictment of the Colonels' economic policies is, of course, a bitter one, but their gloomy warnings of disaster lurking be- hind the surface affluence re- semble the forebodings of Opposition politicians else- where, and the more realistic of them will admit, as they sit isolated and gagged in their homes or in exile, that the Colonels show no sign of being brought down by economic collapse. Their strongest *dis- agreement* is with the regime's reliance on heavy borrowing abroad, often short-term and at rates which are believed to be alarmingly high. Certainly, there has been a strong rise in the debt obligation, in particu- lar a sharp increase in sup- pliers' credits, and in the next couple of years a large volume of the loans which date from shortly after the Revolution will mature. But the Opposition fears of a crippling financing burden seem slightly alarmist when it is seen that at the end of 1970 the debt service ratio was only 14 per cent. of export plus net invisible earnings. (Admittedly, this percentage is going to rise from now on, and the need for longer-term financ- ing seems obvious.)

But the inflationary pres- sures cannot be gainsaid: total bank deposits rose 14.7 per cent. in the first eight months; bank credits to the private sector rose 12 per cent.; imports have been introducing the European infla- tion; and a 9 per cent. average industrial wage rise must also create a demand pressure. Nevertheless, prices were only moving up at a little over 3 per cent. in the first eight months. The growth rate has slackened back a little to an estimated 7.1 per cent. for 1971 (a slackening which worries a number of expert observers) but Per Capita Income will very very shortly cross the magic One Thousand Dollar line— from the $378 of 1960.

The August reshuffle which among other things allowed Mr. Papadopoulos to introduce into his Government a few more of the small oumber of tachno- crats who are willing to associate with the regime, and also to put Professor Pezopoulos in direct control of the economy in place of the Second Deputy Prime Minister Makarezos, may or may not indicate that the Prime Ministar is worried about the economic future. For the long-term be would certainly be right to think long and hard about the burden he might one day wish to have inherited by a more democratic government. For the short-term, so long as the luck of the invisibles holds, Mr. Papadopoulos can probably afford to concentrate on his political dilemmas.

# tability—(Cont'd)

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Cheddafist" ideas and who t be increasingly tempted ie sort of nationalist and mist, even radical, policies t have been developed by ger officers not only in the le East but also by the lanismo" movement of America.

h a group (if in fact it ), benefiting from a on resentment of foreign in particular American rference," prepared to mine some of the funda- ls of Greek policy, would far cry from the anti- unist conservatism of the oup aod would have little or risking a return of the Politicians, or for that r of the King, who still in self-exile and may or may not find it possible to return as a figurehead monarch when elections are held.

All eyes therefore are on Papadopoulos. Some of the Politicians have resigned them- selves to agreeing to co-operate with him in some form of interim Government which they say would be a necessary step on the path to an election; others are setting stricter conditions for their co-operation, or are understandably reluctant to have the elections run by the Colonels themselves: others again are refusing to have any- thing whatsoever to do with the Military. The Communist Party is banned, underground and probably in splinters.

Abroad, most important of all, waits Mr. Constantine Karaman- lis, leader of the right-wing National Radical Union and Prime Minister for eight years, sileot, in exile, the key figure in all speculation about the future. If he came back, would he have a chance of leading a popular vote against the Colonels? And would the Colonels permit the possibility? Presumably the same questions bulk large in Papadopoulos's thoughts as well.

For the Greeks there seems little alternative to trusting the good faith of Papadopoulos, de- pressing though many of them may find it. Some say he intends to move, others say not. Yet while Papadopoulos takes his time making up his mind the only other possible pressure would come from abroad, and in particular from the Western Alliance whose values the Greek regime (like the South Africans or the Iberians) claims to adorn yet whose anti-democratic actions are a source of embar- rassment to the West. Similarly, too, the Americans while peri- odically urging democratic change hesitate to risk such a showdown with the regime that the narrower interests of Western security in the Mediter- ranean would be jeopardised. The Greeks know this, of course, and conclude that there is little to fear, however, irritating it may be when the U.S. Ambas- sador pays ostentatious calls on the Politicians or when Spiro Agnew urges them to change their spots rather faster or when Congress banns heavy arms shipments.

Nevertheless, so long as there is a prospect of implementing the Constitution then there can be some hope of a more stable Greece emerging. The Opposi- tion argue correctly that no one in Greece can believe in the per- manence of the present regime. Papadopoulos might well have taken this point. He might have understood, too, that a regime which admits of no possibility of change must in the long- term be essentially unstable. Considerations such as these lie at the heart of the Greek prob- lem to-day and are the necessary gloss to the country's misleading appearance of peace, affluence and stability.

GREECE III

# Wooing foreign investors

By Our Athens Correspondent

The Greek military régime continues to solicit foreign investment which it considers indispensable for the industrial development of the country. Greece's Basic Investment Law provides a host of tax and financial inducements.

From November, 1953, when Greece's liberal investment law went into effect, until the Army coup in April, 1967, total foreign investment approvals amounted to $723.2m., or an average of $56m. a year. These investments included the $200m. industrial complex by Greek-American businessman Tom Pappas in co-operation with Standard Oil of New Jersey, and the $130m. (to-day $203m.) aluminium plant by the French Pechiney.

Productive investment projects *approved* after the Army takeover totalled $1,445.3m. at the end of 1970—$58m. in 1967, $226.6m. in 1968, $239.6m. in 1969, and $921m. in 1970 (including the two investment package deals with shipping tycoons Aristotle Onassis and Stavros Niarchos for investments worth $800m.). Foreign investment approvals in January-September this year totalled about $90m.

## $170m. investment

But in the same period 1967-1970 only about $170m. have actually been imported into the country in foreign investment, compared with $328.9m. in the 1964-66 three-year period. The country's Five-Year Plan for 1968-72 foresees an average annual $250m. in foreign investment.

By August this year, 492 foreign companies had set up regional offices in Greece under a law passed in 1967 which grants tax exemptions and other privileges to firms establishing sales offices and regional headquarters inside the country in order to control and direct business activities *outside* Greece. Of these, 110 were commercial firms and 382 were shipping enterprises.

On the other hand, Greek industry must gradually develop into larger units if it is to hold its own with EEC industries once the tariff barriers have been lowered completely for Greece to become a full member of the Community in 1984. Because of this and in view of the Government's policy aimed at reducing its growing balance of payments deficit through import substitution and export development, foreign investors can expect stricter criteria for the approval of applications to establish new industries.

From existing indications, the Government will in future be inclined to favour the establishment of integrated manufacturing industries rather than assembly units. Industries which will manufacture products now being imported in large quantities and those undertaking high export commitments will be given priority. More use of Greek materials will also be required.

At the same time investments in co-operation with the Greek State, in sectors where private enterprise hesitates to tread or where certain privileges cannot be granted to private initiative, will not be discouraged.

This past year has been overshadowed by the affair of the two large investment package deals signed by the Government with Onassis and Niarchos. In the end only the latter is being implemented. Under the $200m. deal, Niarchos' Hellenic Shipyards at Eleusis near Athens are being expanded, and the processing capacity of the State refinery near Athens in which Niarchos acquired a two-thirds stake is being almost tripled. Niarchos is also building a lubricating oils plant and has signed a preliminary agreement with the Italian Grandi Motori Trieste (which belongs to Fiat and the State-controlled IRI) for the establishment of a plant to manufacture engines with a total of 200,000 horsepower a year and an iron foundry with an initial annual production of 5,000 tons, later to be raised to 7,000 tons.

## Arbitration court

The Onassis contract is now before Swiss arbitration courts and appears to have little chance of being resuscitated. The $600m. package deal included an oil refinery, an aluminium smelter, power stations, petrochemical facilities and a series of smaller related projects.

Two Greek shipowners, Mr. John Latsis and Mr. Nicos Vardinoyannis, have since then received approval to establish export-oriented oil refineries, and Alcoa is negotiating the establishment of an aluminium plant. The Alcoa proposal concerns a $300m. plant to produce 300,000 tons of alumina and 150,000 tons of aluminium a year.

Niarchos, in co-operation with Kaiser Aluminium, has a proposal under Government consideration for the establishment of a plant to produce 60,000 to 70,000 tons of aluminium a year. The Niarchos plant would not use bauxite to produce alumina, but would begin from the second phase of the operation by using imported alumina or surpluses from the Pechiney plant to produce aluminium.

The Government has said verified bauxite deposits in Greece are sufficient to support three aluminium plants. Meanwhile the French Pechiney, whose aluminium plant has been in operation since 1966, has just completed an expansion which will increase annual production to 450,000 tons of alumina and 130,000 tons of aluminium from 1972. Aluminium exports from Pechiney plant earned Greece $43.5m. in 1970.

Another major project approved by the Government in the past year is a $6.7m. car plant to be established jointly by the French Societe Automobiles Peugeot and Regie Nationale des Usines Renault in Volos, central Greece. In the initial stage, the factory will assemble 15,000 vehicles a year, gradually rising to 75,000. These vehicles will include passenger cars, pickups, station-wagons and vans but not lorries or buses for which the Government is negotiating a separate contract with other parties.

The Government has undertaken not to grant another licence for a car assembly plant for four years and not to participate in any similar industry for 12 years. The Greek State's participation in this project is 51 per cent.

Pending Government approval is a proposal by Mr. Tom Pappas, in co-operation with the Japanese firms Nippon Kokan Kabushiki Kaisha and C. Itoh and Co., for the expansion of his steel plant, which now produces 300,000 tons a year, to 1.5m. tons by starting a steel production process from imported Japanese slabs instead of from ore or scrap. This would require an investment of $165m.

But because other Greek steel companies which own vertical integrated steel plants are objecting strongly to this project, and because the Government fears possible retaliation from EEC countries if it allowed Japanese penetration into Europe, the plan appears to have little chance of being approved.

## Aircraft factory

Among projects planned for the near future is an aircraft maintenance and repair factory 43 miles northwest of Athens. A consortium composed of the American Lockheed Aircraft Corporation, the French Avions Marcel Dassault, and Greece's National Carrier Olympic Airways, has made an offer to establish and operate the factory. Other offers in reply to an international tender this month have come from automation industries of the U.S., MTP Dornier of West Germany, and IAS of Israel.

The consortium offer has significant political and strategic implications because Dassault, maker of the Mirage jet fighters, has reportedly promised that the contract for the repair and overhaul of the Mirages sold to Libya would be turned over to the Greek factory. Also, if the Greek factory manufactures parts for the Mirage, the Greek Government, in the market for advanced fighter bombers, would probably be inclined to purchase Mirages. The plant would also give Greece a dominant position in aviation in the Eastern Mediterranean and make the present regime less dependent on the U.S. for aircraft components and parts.

# EEC adjustment the priority

By Professor COSTAS THANOS

The basic long-term problem for Greece is not so much trying to improve the balance of payments or the achievement of high rates of growth. It is the need to create the prerequisites for launching the economy of the country into the wider area of Western Europe.

Greece cannot easily survive economically outside this wider area. This is not just because the Western European countries constitute the natural areas for trade and investment, but mainly because the Common Market area has created and will be creating the institutional set up that is conducive to a continuous process of development.

It is true that Greece's association with the Common Market has suffered a number of setbacks lately. These concern in particular the European Investment Bank's lending activities in Greece and the progress toward the objectives of the Common Agricultural Policy. Moreover it is said that the whole climate in Brussels with respect to Greece's ties with the EEC has deteriorated.

However one cannot help but wonder whether real progress toward the achievement of these goals could really have been made considering the attitude of certain countries towards Greece, as this attitude has already been established before the present Government took over. Indeed it should be noted that Greece had difficulties on the issues of the FEOGA, the European Investment Bank and certain exportable agricultural products—whose status was defined in special protocols attached to the Athens agreement, as long ago as 1965, 1966 and tha first four months of 1967. Of course these problems have been accentuated over the past four years as a result of changes in policy toward Greece of the EEC institutions, differing in this respect from the attitude the Common Market countries have taken individually.

## Room to move

Nevertheless, in spite of the existing difficulties, there is room for movement within the present framework of Greece's association with the Common Market. The areas which Greece can and should exploit in a way that would improve her prospects for joining Western Europe are trade and institutional modernisation.

As far as trade developments are concerned Greece should always look towards Western Europe as being the natural market for Greek products. This part of the agreement of association has not been affected as a result of political developments in the country. However, at times a number of problems have arisen in Greece's trade relations with the Common Market.

These problems mainly concern specific agricultural products and should be considered more as the outcome of poor handling by the various officials involved on both sides rather than anything else.

Proper handling of trade relations with the Common Market could alleviate the existing difficulties and increase the trade flows between Greece and the EEC.

## Main problem

However, the main problem for Greece at this juncture is the need to speed up the institutional modernisation of the economic system of Greece. Starting from the premise that Greece does not have any other alternative but ultimately to join the Common Market, the country should speed up, irrespective of present difficulties, the streamlining of the institutions of the economic system to that of the EEC.

Anything that happens in the area of economic policy should be geared towards the thinking and decisions taken in Brussels. All laws concerning economic policies should be related to what is happening in Brussels. Furthermore, the new institutions created should be based on the developments of the institutional structure of the Common Market area. The overriding concern for the Government of Greece should be to prepare the country for the necessary step into the Common Market, so that when the time comes for its joining this area it is fully prepared. This should be considered the first priority of those in charge of economic policy in Greece to-day.

In this respect, one could easily note that during the first two years of the 1968-72 development plan, a number of measures were initiated. These included the development of the capital market and insurance companies, special institutional investment incentives, the substitution of the price support systems for agricultural products with income allotments policies and the radical simplification of monetary policy.

However, these measures constitute only a small part of the range of measures envisaged by the plan. If Greece is to join Europe, and not suffer from this, the remaining, and biggest, part of the measures included in the plan must be implemented. It is not an exaggeration to say that Greece's future prospects depend entirely on the rate of modernisation of its economic system.

Of course, there are those who maintain that whether Greece joins the Common Market or not depends on political considerations. This view is rather narrow in the face of certain realities. And these realities indicate that even if such considerations cease to exist, Greece is not ready to-day to take the final step into the Common Market. What is needed at this moment—and I realise the importance of the existing political difficulties, is for the Government to make use of the time available to pass all the laws necessary to prepare the country institutionally. To sit down and wait for everything to be finalised and then to take the much-needed steps, as some seem to suggest, will amount to increasing the already big gap of the institutional development of the country's economy compared with the Common Market countries and by so doing prolong the difficulties of Greece's adaptation to the wider area of Europe. After all, politics is not everything.







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# Banking: sweeping changes and uninterrupted growth

ly CHRISTOS ACHIS, Governor, National Bank of Greece.

Rapid and uninterrupted rowth combined with sweeping changes have characterised reek banking in recent years. eposits and loans have grown a very fast rate under contions of remarkable monetary ability. At the same time the inking system is engaged in a ultiple process of reorganisaon: the expansion of domestic id international networks, the loption of modern procedures, tensive use of computers, inoduction of modern business anagement, and diversification services.

The financial structure of the untry is bank-dominated ther than stock-market-iented. It is therefore only itural for the current process accelerated economic develment to be reflected in the rmation of bank accounts. ven so the rate of deposit growth is impressive: at the end of 1966 total private deposits with the banking system amounted to Drs.50,000m., while four and a half years later, in June, 1971, this figure stood at Drs.120,000m. Over the same period price increases have been the lowest in Europe.

The primary cause of the increase in deposits is the growth of income and savings. There are also indications of an increased preference on the part of asset holders for bank deposits as against other forms of holding wealth, that is, real estate or gold. A minor part of the funds accumulating in deposits may further represent shifts away from currency and, finally, it seems that current events in the international monetary field have caused an increased inflow of funds which has, in turn, affected to some extent bank deposits. But, while the exact impact of the last two factors is difficult to ascertain, their combined effect is at best only marginal. There is unanimous agreement that the deposit increases derive from sound financial sources.

This condition, however, by no means implies that the banks do not occasionally face problems created by restrictive credit policies. This summer, for instance, the monetary authorities thought it necessary to impose a ceiling on bank lending. The credit squeeze coupled with the continuing increase in deposits is now resulting in the accumulation of excess bank liquidity. The banks are allowed to invest their excess funds in treasury bills although obligatory holdings of treasury bills already make up a considerable part of bank assets.

## Familiar names

The backbone of the banking system is made up of the commercial banks, of which there are presently 14. A few years ago only one foreign bank was operating in the country with a single branch, yet to-day some of the most familiar names in international banking are found in Athens and other large cities. The number of foreign banks—mainly, but not exclusively, American—is currently six and is on the rise, while the number of their branches exceeds 15.

The presence of foreign banks has, on the whole, been welcomed here. The local banks have taken a positive attitude towards the matter and some of them have assisted the establishment of the foreign institutions. This attitude stems from a general understanding of the favourable impact that the operation of foreign banks would have on the economy. Besides, Greek banks are currently engaged in a vast modernisation effort, and the presence of the foreign element offers an added stimulus for this effort. Finally, the Greek banks themselves are carrying out a programme of increased international representation and expanded international activity.

This latter programme constitutes another of the most characteristic changes that are presently under way. Greek banks are represented today through 28 branches and representative offices — most of which have been established in the course of the last few years —in 15 cities of seven countries outside Greece, and intend to continue the expansion of their network. The factors that lie behind this effort are to be sought in the present development of the economy and Greece's growing importance in the international economic scene.

The expansion of the banking network abroad aims at maintaining close contacts with the ocean-going Merchant Marine, with the established communities, and with those who have emigrated temporarily. It also aims at facilitating the external transactions of our businessmen and their collaboration with foreign business circles. There exist ample margins for attracting more foreign enterprises, foreign capital and Greek savings from abroad, for providing greater assistance to the Greek business world in the competitive international market, and for strengthening relations with the communities abroad.

The upward trend of the Greek economy has given a new dimension to the banking sector and has entailed new duties for the banks on the domestic scene as well. Industrialisation increases the demand for the traditional types of banking services and makes prompt, simplified and efficient services indispensable. At the same time the steady rise in prosperity creates a demand for new types of banking services by the general public.

## New framework

Until recently the banking system was not sufficiantly equipped, compared to those of the developed countries, to operate effectively in this new framework. The major obstacles were the detailed and complex procedures of bureaucratic credit controls under which the system had been operating throughout the post-war period. Indirect and complicated methods of finance had been the rule of the day aiming at preventing leakages of bank credit to "non-productive" sectors. The direct finance of the consumption expenditures was unheard of. And the establishment of new bank branches was considered by the authorities as an inflationary influence or as a factor inevitably increasing average operating costs of the banks. These policies and attitudes were largely reversed in 1967 and the banks responded fully and made considerable progress within a very short time.

To-day the number of branches of the commercial banks is 50 per cent. higher than at the end of 1966. The variety of services offered is increasing, their quality is improving, and the circle of clients to whom they are offered is no longer comprised only of businessmen and depositors but is constantly being enlarged. Special mention should be made, in this connection, of the payment of pensions by cheques. A further instance of the same trend is the arrangement under which bills payable to public utility companies may be cleared through banks. Probably the most significant example of the expanded services offered to the non-business world is the introduction of the consumer credit system which has been widely used since the beginning of the current year. As another step in the same direction the introduction of the credit card system is now being contemplated.

Nevertheless, the reorganisation process is far from completed. In the early stages progress in these fields was naturally slow. This was necessary to enable our foreign advisers and ourselves to make a thorough study of the existing situation and of the current needs, prospects and possibilities, to devise optimum solutions, and to draw up carefully planned timetables. As a result of the gradual implementation of the new schemes and procedures there is now a "dualism" in the banking system. Some branches apply the modern efficient procedures, while others still follow the old-fashioned, time-consuming ones. The number of the latter branches is still the larger. In view of the progress obtained so far, however, it is certain that the situation will be reversed in the near future.



# Merchant shipping policy proves successful

By Our Athens Correspondent

Merchant shipping has become one of the most dynamic sectors of activity in the Greek economy. The main objectives of the Government's shipping policy are to increase tonnage under the Greek flag, raise Greece to the position as the foremost ship-owning nation in the world, and establish closer links between Greek shipping activity and the economy in general.

To achieve these basic aims, the Government is offering a multitude of attractive credit facilities for the construction or repair of vessels. An organic link between Greek shipping and the economy is being sought through the introduction of a series of incentives and facilities to bring vessels of Greek ownership under the national flag and encourage the establishment of Greek shipping interests in Greece.

Judging from comparative figures in the past four and a half years, the Government's shipping policy is proving successful. The Greek merchant fleet at the end of September this year had reached a record 2,504 vessels aggregating 15,251,105 gross tons, ranking it seventh among world shipping nations. This compared with 1,771 ships totalling 7,858,302 tons on April 21, 1967, when the Army seized power.

About 380 shipping enterprises have set up regional offices in Piraeus in the past four years to control operations outside Greece.

## Newly built

Apart from the rapid growth of the country's merchant fleet, there has also been an improvement in its composition since a considerable proportion of total tonnage is now made up of large and newly built ships making them of greater international competitiveness. About 26 per cent. of the Greek merchant fleet is made up of ships under five years old. Another 21 per cent. are over 20 years of age. The remaining 53 per cent. are between 5 and 20 years old.

Greek-owned ships under foreign flags are estimated at 1,200 aggregating 17m. tons. This means that Greeks to-day control some 3,700 ships totalling over 32m. tons.

The accelerated expansion of Greek merchant shipping has had favourable effects on employment and the influx of foreign exchange. The number of seamen working on vessels under Greek flag increased from 36,547 in 1966 to 48,617 at the end of September, 1970. A further 40,000 Greek seamen work aboard ships under foreign flags.

Foreign exchange earnings from shipping during the four year period 1967/70 totalled about $969m., which was 56 per cent. more than $619m. earned in the 1963/66 four year period. Shipping earnings in January/July this year totalled $187.9m. (against $148.9m. in the first seven months of 1970) and are expected to reach the $300m. mark by the end of 1971. Foreign exchange deposits by Greek seamen amounted to $15m. at the end of September this year, which was three times as much as by October 1969.

According to the Ministry of Merchant Marine, Greek controlled ships laid up on October 4 this year totalled 274 with a total of 1,515,113 gross tons. The current depressed freight market is expected to result in a decrease in shipping receipts from January next year, adversely affecting the country's balance of payments.

Investment incentives and credit facilities, coupled with the fact that Greeks own so great a merchant fleet, make Greece an ideal centre for shipbuilding. A $200m. investment package deal signed between shipping magnate Stavros Niarchos and the Greek Government in April last year included a $60m. expansion of Niarchos's Hellenic Shipyards in Eleusis, near Athens to include a 300,000 ton building berth for mammoth tankers. Niarchos, who built the yards in 1956 at a cost of $8.6m., has so far invested $54m. in existing facilities which include building and repair of all types of vessels and steel constructions such as fuel storage tanks and metal constructions for factories.

Four years ago when the Government introduced a programme of financial backing by granting long-term loans to shipowners to counteract the decline in repair activity caused by the closure of the Suez Canal, Hellenic Shipyards booked the building under licence from Austin and Pickersgill of Sunderland of 21 SD-14 type cargo vessels of 15,000 d.w.t. each. Twenty of these liberty replacements have already been delivered to their owners. The yard also booked six 15,000-ton liner-type vessels, seven 35,000-ton bulk carriers, and five 30,000-ton tankers. The shipyards announced last month they have been entrusted with the building of six 300,000-d.w.t. tankers but have not named the parties placing the orders.

## Aluminium plant

In the repairs section, Hellenic Shipyards have up to now repaired 2,800 vessels, representing about 75m. d.w.t. The industrial section has built the metal constructions of Pechiney's aluminium plant on the Gulf of Corinth and the complete metal construction and installation of two State sugar factories. Hellenic Shipyards has a labour force of 6,500.

Eleusis Shipyards, about 13 miles northwest of Athens, which began operating shiprepairing facilities in August 1969, has now entered shipbuilding. The yards are a joint venture by the Commercial Bank, the Ionian and Popular Bank and the Investment Bank—all three under the chairmanship of Greek businessman and shipowner Professor Stratis Andreadis.

In the two year period from August 1969, Eleusis Shipyards repaired 130 vessels and the yard's division for metal con-

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GREECE V

# Oil refineries near point of congestion

By Our Athens Correspondent

Although Greece is not an *oil-producing* country, it is fast becoming an *oil-processing* one to the point of congestion. Because oil refineries are a lucrative business, especially to shipowners who can use their tankers to transport crude oil, the Greek Government's policy has been to approve the establishment of oil refineries only against parallel investments in other, sometimes less profitable, industries. The level of these parallel investments is usually in proportion to the size of the oil refinery approved and the amount of petroleum products it is allowed to market in Greece each year.

The Greek-American businessman Thomas A. Pappas, for example, in co-operation with Standard Oil of New Jersey, agreed in 1962 to establish a $190m. industrial complex in Salonica, Northern Greece, in return for the right to build an oil refinery with an annual processing capacity of 2.5m. tons of crude. The other units in the Pappas deal were a steel plant, an ammonia plant, and petrochemical facilities.

In April, 1970, Greek shipping magnate Stavros Niarchos agreed to invest $200m. in return for a two-thirds stake in the existing State oil refinery at Aspropyrgos, near Athens, and a contract to supply it with 32m. tons of crude. This refinery now has an annual processing capacity of 1.8m. tons of crude.

## Package deal

Niarchos is investing $45m., mostly with finance from West German and French banks, to increase its capacity to 4.5m. tons by May, 1972. General contractors for the expansion are Hydrocarbon Research Inc., Mannesmann Export GmbH (Hamburg), and Hydrocarbon Engineering SA (an American-French company which built the refinery in 1957). The Niarchos package deal includes the expansion of his shipyards outside Athens, a marine and shore engines factory, and a $25m. lubricating oils plant with an annual production of 100,000 tons which will be ready by mid-1974.

An investment package deal signed in March, 1970, between the Government and Greek shipping tycoon Aristotle Onassis gave the latter the concession for a 7.5m. ton oil refinery in exchange for investments totalling $600m. The other projects in the Onassis deal were an aluminium smelter, power stations, and petrochemical complex. Onassis was also given the right to supply his refinery with 64m. tons of crude. But the oil crisis earlier this year threw the economics of the Onassis contract out of gear. The agreement is now before Swiss courts of arbitration to which Onassis resorted after negotiations for a revision of its terms failed. From all indications, the deal is on the rocks and the arbitration procedure will be a long-drawn-out affair.

The Pappas refinery has the right to sell 2m. tons of petroleum products to the Greek market. The Niarchos refinery was to supply 4.5m. tons until the Onassis refinery went into operation, when it would have had to limit itself to 3.2m. tons until such time as the Onassis refinery was able to supply the domestic market with 7m. tons of petroleum products a year.

## Domestic demand

Domestic requirements in petroleum products in 1972 will be 6m. tons. To meet demand until 1974, the Government has allowed the Pappas refinery to increase its capacity by a further 700,000 tons (until the Niarchos refinery is expanded), and Niarchos can go to 5m. tons.

The Government has also approved the establishment of two export-oriented oil refineries. The first of these is being built by shipowner John Latsis at Megara, 42 kms. west of Athens, at a cost of $10m. Builders are the British firm of constructors John Brown (Projects) Ltd. and the American Howe Baker. It will have an initial processing capacity of 1m. tons of crude and will be ready by the end of this year. The second is being built by shipowner Nicos Vardinoyannis near Corinth at a cost of $30m. Originally approved as a lubricating oils refinery with an annual output of 75,000 tons, it is now being expanded also into an oil refinery with an annual processing capacity of 1.5m. tons of crude which will yield 1,065,000 tons of petroleum products. It will be ready in July 1972.

Although no Government approval in writing has been published, both Latsis and Vardinoyannis have issued tenders for the expansion of the refineries: Latsis to 3.5m. tons at an estimated further cost of $7m., and Vardinoyannis to 59m. tons by March 1973 with a further investment of $25m. Firms reportedly interested in the Latsis expansion include Constructors John Brown (London), Thyssen Stahlunion Export GmbH (West Germany) in co-operation with Fluor (England), Lummus (U.S.), Foster Wheeler (London), and SNAM Progettui (Italy). Those interested in the Vardinoyannis extension are Thyssen (which is constructing the lubricants plant), Constructors John Brown (London), Foster Wheeler (Italy) and Catalytic (Britain).

With plans for Onassis's 7.5m. tons refinery embroiled in litigation, both Latsis and Vardinoyannis obviously have their eye on possible domestic outlets for their operation. Both their contracts provide that the entire output of their refineries will be exported, except for quantities purchased by the Greek State to cover domestic requirements, as long as this does not clash with contractual obligations assumed by the State.

The Niarchos group has already voiced its doubts about the wisdom of licensing other oil refineries alleged to have an export orientation. Compared with Italy and Spain, which are situated nearer consumer markets, Greece offers only limited possibilities for exports of refined petroleum products. This point may be used by Onassis before the arbitration courts since in essence it goes contrary to his interests. In its initial stage when the domestic market could not absorb all its production, the Onassis refinery would have had to export some 5m. tons of petroleum products.

Should the Government decide to grant Latsis and Vardinoyannis a slice of the Greek petroleum market without obliging them to make parallel investment, Niarchos will have grounds on which he might resort to arbitration since the spirit of his contract will have been breached.

Niarchos and Vardinoyannis appear to be on a collision course also over their lubricants plants. The local market for lubricants is 75,000 tons, rising by a yearly average of 9 per cent. A Greek company, Elvyn SA, already produces and markets 15,000 tons. Vardinoyannis has an export commitment of 40,000 tons after the Niarchos plant goes into operation and will be able to channel the remaining 35,000 tons to the local market. The Niarchos plant has no export commitments. Unlike petroleum products, prices for lubricants are not fixed. In an all-out war where prices can be broken, Niarchos would obviously have the upper hand since he can market all of his 100,000 ton production. Vardinoyannis has accused the Niarchos group of fearing a limitation of the benefits to be gained from a monopolistic exploitation of the oil products market in Greece. He has signed an agreement with Shell under which his refinery will refine lubricating oils and a number of other petroleum products for the account of Shell and the latter will supply crude oil to his refinery.

## Through Syria

Latsis, who has a chain of bunkering stations in the Mediterranean, so far has bought his crude oil from Saudi Arabia, passed it by pipeline through Syria and shipped it to Italy where it was refined. His refinery in Megara will replace the Italian part of the operation.

Both men are known to have plans for petrochemical plants as an adjunct to their refineries. Present and prospective consumer requirements for intermediary and end-use petrochemical products, especially raw materials for the plastics industry, provide a sound basis for the establishment of further petrochemical plants in Greece. Vardinoyannis is known to have assigned a technical study for a petrochemicals plant to King Wilinson Company of the Hague.

Meanwhile, conscious that Greece's future prosperity lies in the development of industry with locally produced fuels, the Government is promoting an all-out search for domestic sources of oil and gas. Millions of dollars have been spent since 1935 in efforts to discover commercially exploitable fuel fields. But the search has proved fruitless and Greece spent $70m. in 1970 on imports of crude oil.

Over recent years the Italian Snam company (of the EMI group), Standard Oil of New Jersey, the British Petroleum Exploration Company and the German Deutsche Erdoel Aktiengesellschaft have all searched for oil without positive result. Not having been lucky on land, the Government have now turned offshore in search of worthwhile oil deposits.

Since May, 1967, the Government has signed 14 agreements with eight American companies for submarine oil prospecting. The total area now under exploration for oil is 66,300 square kilometres. At a cost estimated at $71m.

ADVERTISEMENT

# Eleven banks lend £17m. to Greek contractor

Scapaneus S.A., one of Greece's three leading construction companies, was the lowest bidder on two Government tenders for a new highway and a sprinkler irrigation project that will cost a total of £25m.

Nearly 70% of this sum will be advanced to the firm by eleven foreign banks in the form of loans guaranteed by the Greek state. The balance will be financed by the Greek Government.

The foreign banks involved are the Chemical Bank ($7m.), First National Bank of Chicago ($5m.), Credit Lyonnais ($4.2m.), Bank of America ($4m.), Amincor Bank ($4m.), Hambros Bank ($3.35m.), First National City Bank ($3m.), Bankers Trust Company ($3m.), Continental Bank ($3m.), Bank of Nova Scotia ($2m.) and the Swiss-Italian Banking Corporation ($2m.).

The new highway will start from Thermopylae on the Athens-Lamia national road and run down to Antirrion on the Gulf of Corinth, passing through the towns of Galaxidi, Nafpactos and Ilea with a branch road to Delphi. It will be 150 km. long; Scapaneus will build 125 km. and Greek army engineers the remaining 25 km.

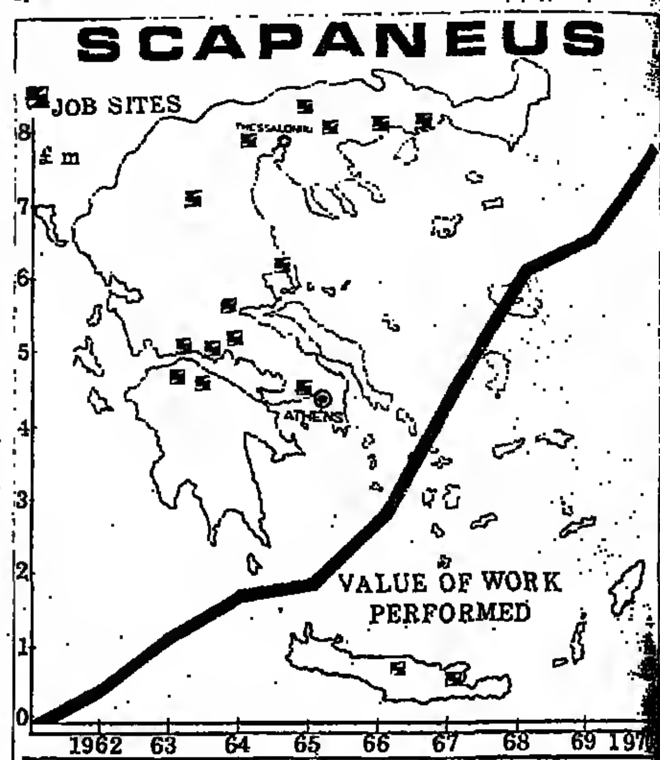
The sprinkler irrigation system will draw water from the Struma river in Macedonia and bring a large part of the Serres valley under cultivation. Both projects are scheduled for completion in 1974.

Since its establishment in 1961, Scapaneus S.A. has executed public and other works in Greece amounting to £35m. It is now engaged on projects totalling £37.2m. including the two mentioned above.

During the past decade of rapid growth, Scapaneus S.A. has worked closely with the largest Greek banks and with the National Bank of Greece in particular. The National Bank's assistance has been extremely valuable, both in terms of the company's development and in helping to obtain loans from foreign banks.

Scapaneus S.A. today owns construction machinery valued at Drs. 750m. and maintenance workshops on four acres of company-owned land with a total value of Drs. 40m. Its cost accounting procedures are completely computerised.

The company's management is now prepared to accept civil engineering and construction work contracts in other countries and feels confident that it can carry them out with the same success that has crowned its efforts so far in Greece.




# Aspirations in high fashion

By a Correspondent

Greek fashion designers are feverishly preparing for the second international fashion show to be held in Athens early next year. Buyers from major U.S. and European markets have been invited to Greece for the show intended to prove that Greek fashions are world contenders.

Although possessing an endless source of inspiration, Greek fashion has come to the fore only in recent years. With comparatively meagre means at their disposal, a new breed of Athens designers have succeeded in making Greek materials, designs and colours the "in" thing in such fashion Meccas as Paris, New York and Rome. The problem now is to ride the crest of this popularity and prepare to meet demand as it grows.

The major brain behind the Greek fashion emergence is 35-year-old Yannis Tseklenis, a former artist and advertising agency organiser. Tseklenis, who took over his father's couture fabric business in 1965, used a reverse process for his success. He first made a name for himself in the United States and then returned to Greece from where he is now launching Greek fashion abroad, focusing on ready-to-wear clothes accessible to average budgets. To-day his clothes are sold in stores such as Harrods and Selfridges in Britain, Bonwit Teller, Bergdorf Goodman, and Marshall Field in the U.S., Mark Foys in Sydney and Greatermans in South Africa. His garments are also manufactured under licence by Frank Usher in London.

This year Tseklenis dethroned Pierre Cardin as the designer of the uniforms worn by Olympic Airways hostesses, the national air carrier belonging to shipping tycoon Aristotle Onassis.

At first Athenian women eyed his swirling colours and big bold designs with suspicion, and continued to cling to the traditional haute couture of Paris, London and New York. But Tseklenis persevered and gradually Greek fabrics, rid of their folkloric elements, became a new ethnic look which has now crossed Greece's frontiers.

Then in July, 1970, the first Greek Fashion week was organised in Athens by the Hellenic Fashion Institute with the financial backing of the State-controlled Hellenic Industrial

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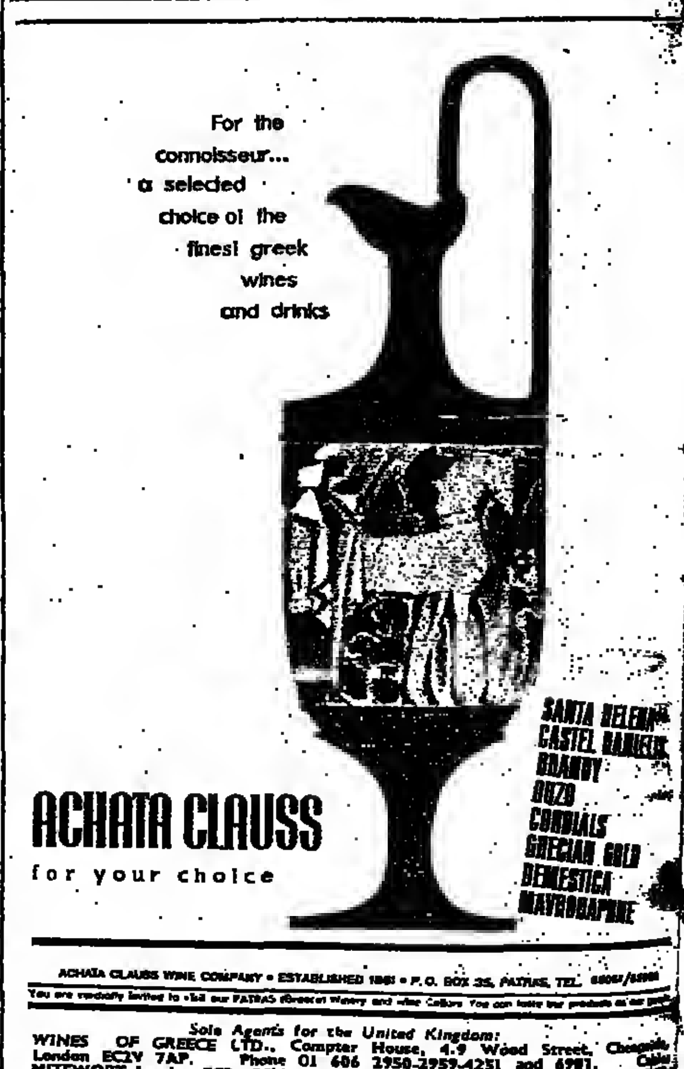



# THE ATHENS CHAMBER OF COMMERCE & INDUSTRY

## *The Chamber's presence on the International scene*

The Athens Chamber of Commerce and Industry plays an active role in the implementation of the foreign commercial policy of Greece. The Chamber's international activities are designed to develop new relations with other countries and promote the existing ones in the field of commerce and industry. At the same time, the Chamber contributes to the promotion of Greek exportable products by participating in various international trade fairs.

At the outset of any discussion on the external activities of the Athens Chamber of Commerce and Industry one needs to bear in mind that it seeks to establish a suitable framework, within which the concept of commercial relations will be translated from an abstraction into a workable reality.

To achieve this, the Chamber sends trade missions abroad and receives foreign ones in Athens. It is stressing the obvious to say that these contacts and exploratory talks are helpful in defining the scope for increased commercial exchanges between Greece and other countries. Though the trade missions organized by the Chamber are devoid of any political expediency, they may attain broader targets. In this context, it must be remembered that the exchange of trade delegations between the Chambers of Athens and Tirana paved the way for the establishment of normal diplomatic relations between Greece and Albania.

In June 1971, a Greek trade delegation, headed by the President of the Athens Chamber of Commerce and Industry, Mr. J. Canellopoulos, visited London and had fruitful discussions with British officials and representatives of various commercial organizations and private enterprises. The President of the Athens Chamber was the leader of another trade mission, which visited Sweden in an attempt to normalize the commercial relations between the two countries. In the course of the year, similar missions have been dispatched to Cyprus and some East European countries, while trade delegations from Yugoslavia, Romania, West Germany, Australia, United Kingdom, India and Taiwan arrived in Athens during the last months and had constructive discussions with Greek importers and exporters under the sponsorship of the Athens Chamber.

A semi-permanent collaboration has been established between the main Greek and Turkish Chambers of Commerce. The Athens Chamber acts as central secretariat for the Greek party and plays a leading role in the existing institutional machinery. According to the constitution, an official liaison is maintained between the two Chambers to collaborate closely in the field of commercial relations and to adopt a co-ordinated policy towards questions of common interest which arise from the application of the Association Agreements concluded by the two countries with the E.E.C.

The Athens Chamber of Commerce and Industry participates in the Permanent Conference of the Chambers of the E.E.C. members and associated countries. A representative of the Greek Chambers in Brussels is in close contact with the Secretariat of the Permanent Conference and the Athens Chamber, which sends a delegation to attend Conference sessions.

Another activity of the Athens Chamber concerns the organization and running of Greek pavilions at international trade fairs. The Chamber, assisted by representatives of the Ministry of Commerce, takes part in four or five international trade fairs annually. This participation is designed to show the latest achievements of the Greek economy and to promote Greek products abroad. Two East European and two E.E.C. countries are usually chosen for the Chamber's presence in the trading environment of an international fair. This year, the Chamber's targets were the trade fairs of Leipzig, Poznan, Bologna and Cologne. A "Greek week" has also been organized by the Chamber in Prague.

The International activity of the Athens Chamber is completed by the publication of two magazines in English. These two publications, "Trade with Greece" (with a summary in French and German) and "Data from the Greek Economic Life", are very helpful to all concerned with the potential of the Greek economy.

# Shipping —(Cont'd)

Continued from previous page

structions delivered sizeable quantities of McGregor-type hatch covers to Dutch interests and special steel structures to the Pechiney plant.

Investment in Eleusis Shipyards so far has been $15m. and completion of the third phase in 1972 will raise this to $60m. Future plans include a graving dock capable of handling 250,000 d.w.t. ships and a second shipbuilding berth for ships up to 150,000 d.w.t. or for ships of 250,000 d.w.t. in two halves. The present berth will be lengthened to build 100,000 d.w.t. ships.

The first vessel to be built in Eleusis Shipyards, a 5,900 d.w.t. multi-purpose vessel to be used as a bulk carrier or a container ship, was ordered by Trading and General Investment Corporation and will be delivered by mid-1972. A second ship of this design has been ordered by the International Merchant Corporation. In addition, Eleusis Shipyards have orders for two bulk carriers of 43,000 d.w.t. each by the Unique Finance Corporation and Finance and Investment Co. Ltd. Delivery of these vessels is scheduled for June and December, 1973, respectively.

Both Hellenic Shipyards and Eleusis Shipyards, in conjunction with Governmental agencies, have developed the establishment of technical schools. Students attending these schools are simultaneously given paid practical training at the shipyards.

Under a contract signed in December, 1970, J. and A. Goulandris Bros. agreed to invest $11.7m. to modernise and their Meorion Shipyards on the Cyclades island of Syros. The expansion, with the technical assistance of the Japanese Hitachi Shipbuilding and Engineering Company, includes a 15,000-ton building berth which will be able to turn out vessels of up to 43,000 d.w.t. in two sections, and a floating dock capable of lifting vessels of up to 70,000 d.w.t. The yard's present labour force of 600 will reach 1,800 when expansion is completed in December, 1972.

The Government has said that various other Greek shipowners have submitted proposals or expressed interest for the establishment of shipyards in Pylos (south Peloponnese), Suda Bay (Crete), Volos (Central Greece) and Salonica. Their proposals are now under consideration and represent an investment outlay of about $350m.

In the first six months of this year, 13 licences were issued by the Government for the creation of 11 new shipyards and the extension of two others. Most of these shipyards are for small vessels and the capital investment involved amounts to a total of 124m. drachmas (about $4.1m.).

Meanwhile, a committee has been appointed by the Ministry of Merchant Marine, Transport and Communications to prepare a report on the question of transferring about 30 small shipyards and ship repair units at present grouped at Perama very close to the western end of the port of Piraeus, across the straits to Kynosoura Point on the island of Salamis. The report will be ready at the end of November this year. The Perama area will become part of the Piraeus port expansion plan.

# GREECE VI

# Tourism breaks all records

By Our Athens Correspondent

At a recent Press conference, Mr. Michael Balopoulos, General Secretary of the National Tourist Organisation, stated with characteristic conviction that by the end of this decade the efforts presently being directed towards tourist development will have ensured Greek tourism can cope with 8m. visitors a year—an influx which should yield to tha Greek economy a tourist income of $1,000m. a year.

The figures may be slightly exaggerated, but the unprecedented rise in tourism this year is an indication that they are not simply wishful thinking. According to available official figures, a record number of 1.6m. tourists came to Greece between January and August this year and it is estimated that the 2m. mark will be exceeded before the year is out. This compared with 1,192,949 tourists in the first eight months of 1970 and 953,367 in January-August, 1969, representing 35 and 69 per cent. increases respectively.

Leading the list of visitors this year were Americans with 304,754, followed by Britons with 173,008, West Germans with 153,970 and Frenchmen with 117,654.

Foreign exchange revenne from tourism this year is expected to reacb $200m., compared with $192.7m. in 1970 and $149.5m. in 1969. Realising tha importance of tourism in bridging the balance of payments deficit in coming years, tha Government is applying a policy which has the dual purpose of increasing the number of visitors and also providing incentives towards the creation of facilities to cater to them.

## New beds

The background to this policy is that at the end of June this year there were 2,466 tourist "units" in Greece with a total of 128,351 beds—an increase of 9,053 beds over December 31, 1970. A breakdown of this total shows 2,186 hotels (17 of them luxury class, 101 first class, 298 second class, 662 third class, 641 fourth class and 467 fifth class), 369 bungalow complexes, 27 motels, 18 furnished flats, 58 hostels, 19 boarding houses and 122 inns.

In the period 1968-70, 35,000 new hotel beds were added to the existing stock. A further 30,000 will be added by the end of 1972 and plans have been approved for another 57,000 beds to cover anticipated increased demand in 1973-74.

But even with this planning, two problems arise. The first is that the facilities availsble still cannot meet tourist accommodation demands during peak periods. The second is the lack of qualified staff to man them.

To face the first problem, tha National Tourist Organisation is turning its attention to the development of winter tourism. Conscious it cannot as yet compete with countries such as Switzerland or Austria for winter aports, the National Tourist Organisation is directing its efforts at a more intensive projection of Greece as a conntry that can cater to those who suffer from austere northern climates at tha sama time focusing on Greece's 3,000-year-old cultural beritage.

## Winter centres

The two principal areas which are being developed into winter tourist centres as of this year are the islands of Rhodes and Crete, whicb offer a milder climate. In this cootext, 23 hotels on Rhodes will remain open this winter to accommodate visitors dnring tha off-season. Prices par person per day at these hotels from November 1, this year to March 31, 1972 will be reduced by 50 per cent. "A" class botels $5 and "B" class hotels $4 for balf-board, and "B" class hotels $2 with only breakfast. These prices include taxes and service.

The existing airport in Rhodes is being expanded and a new one is being constructed 15 kms. from the town of Rhodes st a cost of $13.3m. Seven travel agencies will contioue to operate sightseeing tours on Rhodes with a 40 per cent. discount for the off-season period, and tourist guides, except those working on board cruise ships, will work for 20 per cent. less. As an additional attraction, Greek folklore dances will be performed three times a week at Rhodes and from November 2 to April 4 Greek philbarmonic orchestras will give concerts of classical music.

To begin with, 500 travel agents from 51 countries are participating in a congress oo Rhodes from October 19 to 24 this year. About 350 members of the Society of American Travel Writers held their 15th annnal convention on the island from October 16 to 19. And Rhodes is to be the highlight of a sea cruise organised for the 300 delegates of the International Hotel Association which will bold its 25th annual convention in Greece from November 5 to 18.

Crete, because it offers more in the sector of historical and archaeological sites, is being projected as an ideal centre for international seminars and conferences. Performances of ancient Greek tragedies are planned for the winter of 1972-1973.

Athens itself will offer winter tourists performances of folklore dances, and ancient plays, io addition to redneed-rate sigbtsaeing tours to the Athens Acropolis and other historical monuments.

Olympic Airways, the national air carrier which helongs to shipping tycoon Aristotle Onassis, will continue to operate daily flights to the major islands during the winter season.

To meet the industry's second main problem—that of qualified staff—the Government has established special vocational schools. Three have now been set up in Rhodes, Athena and Salonika. In additioo, the number of accelerated training schools for tourist vocations which began operating in 1969 are expected to rise to about 30 hy the eod of this year. Schools for tourist guides sra also in operation and some of their studeots are being sent to Switzerlaod for advanced training in key posts. University students also have the opportunity of receiving special training so that they can work as tourist guides during the summer recess.

At the same time, the Governmeot ia encouraging the creation of large hotel units. Astir, the leading tourist botel company in Greece controlled by the National Bank of Greece, bas announced a 600m. drachmas ($20m.) investment programme which includes the construction of a 500-bed luxury class botel at Vouliagmeni and another with 250 beds at Glyfada, both on the coastal road near Athens. Holiday Inns Incorporated, is to build a 1,000-bed luxury class botel in Athens which will be ready in the spring of 1974.

## Loan budget

The Ministry of National Ecooomy has allocated a bndget of 190m. drachmas ($6.3m.) for the finaocing by the National Tourist Organisation of botel enterprises and travel ageocies. Loans will be equal to 15 per cent. of turnover of hotels and foreign exchange receipts of travel agencies. The loans will carry 7 per ceot. interest and will be repaid during the period July to November of the year following the loan.

Tha same ministry this year allocated 70m. drachmas ($2.3m.) to finance owners of private bouses who want to develop them to rent to tourists during peak periods. The loans, to a maximum of 70,000 drachmas ($2,300), are for seven years at 4 per cent. interest, with repayment beginning on Septemher 30, 1973.

For camping aficionados, the Government has created a chain of sites in northern Greece and plans to coostruct a second series of camping sites along the country's main highways.

In parallel with these measures to increase madium-class tourism, the Government is taking steps to attract higher-income hracket visitors to Greece. Twenty-two luxurious cruise ships helonging to five shipping companies already operate three-day and five-day cruises to the Greek islands. Their number will he further increased as will the numher of private yachts for rent. Olympic Aviation Incorporated, a subsidiary of Olympic Airways created and supervised by Onassis's Sono Alexandros, has a fleet of 13 small sbort take-off and landing (STOL) aircraft and helicopters which can he rented by businessmen or tourists. Prices raoge from $23 an hour for a two-seater Cessna to $760 an hour for an eight-seater jat.

Girl students from the cruise ship "Devonia" buying souvenirs at Piraeus.

# Fashion —(Cont'd)

Continued from previous page

Development Bank. It launched Greek history on to tba world fashion scene. Colours and motifs from the Minoan, classical snd Byzantine ages made a spectacular comeback on slinky fabrics. The cut ranged from ancient to ultra-modern. British, American, French, German and Italian buyers moved in. Recent orders for a dash of ancient Greece include those of Harrods of London and Bloomingdales of Fifth Avenue, New York.

Exports of Greek ready-made clothes in 1970 amounted to about $1m. Tseklenis is convinced the industry can be built up to become a multi-million dollars export earner. He estimates exports of Greek clothes, footwear and jewellery can earn $10m. within the next five years, and $100m. in 15 years' time.

With the financial support of the Hellenic Iodustrial Development Bank, Tseklenis is oow building a $400,000 factory to manufacture bis range of ready-to-wear. The plant is scheduled to go into operation during the first half of 1972 with a planned annual production capacity of 85,000 items. Anoual turnover is expected to be $3m., two-thirds of which will be exported.

To ensure top operating efficiency, modern production metbods were carefully studied and the technical maoagement staff of the factory is currently undergoing an eight-mooth training course at a plant in Pennsylvania.

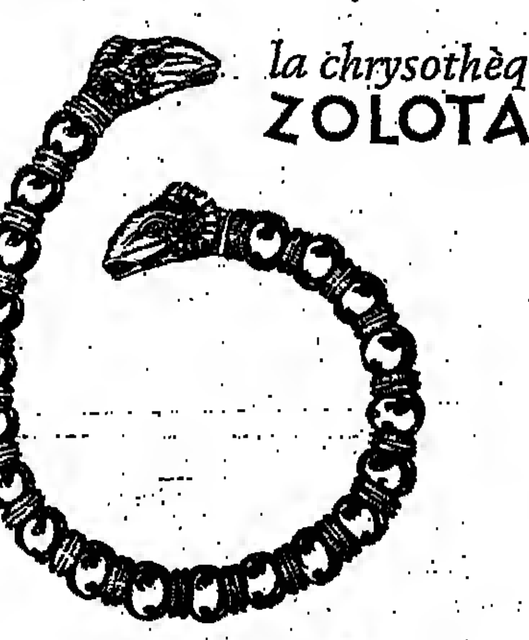
Other fast-rising stars in the Greek fashion firmament are 40-year-old Argyris Calbaris, a former banker, 24-year-old Dozia, with a house of Dior background, Takis Tzivanis, a boutique owner, and Filimon, who is setting up a garment plant.

Working from a neatly arranged complex in an old mansion under the Acropolis, Calbaris and 55 employees turn out 300 dresses a day and cater to clients in New York, Detroit, Loodon, Johannesburg, Sydney, Amsterdam and Brussels. Calbaris will present his summer 1972 collection at the 22nd Salon International du Pret-a-Porter Feminin in Paris later this month. He is confident Paris will be the key to European fashion markets such as Dusseldorf.

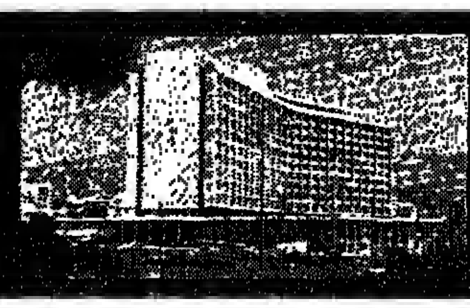
The fashion craze for everything Greek has not been limited to the ready-to-wear. But where ready-to-wear designers are making an all-out effort towards exports, Greek Haut-Couturieres are conversely coovincing the international jet set to come to Greece to order their clothes. Accordiog to top baut couturier Ioannis Vouros, who once dressed the women in the late King Farouk's entourage, an origioal model which would cost $2,000 in Paris or New York can he acquired for only $600 in Athens. Vouros aod fashionable haut couturiere Foffy Vassiliadou are convinced Athens can be turned into a centre for bigh society where they can combine their bolidays with a shopping spree.

Results have been so encouraging that a younger breed of Greek designers are now confident enough to want to move away from the influence of Greek history as a support for their designs. Tweoty-year-old Marilli Tsopanelli, who runs her own modern boutique and caters to the yoouger Greek generation, is set against turning back the clock or waitiog for Paris to set the trend each year. Sbe believes that in a few years Greece will be inspiring other fashion centres. And she may not be too optimistic.



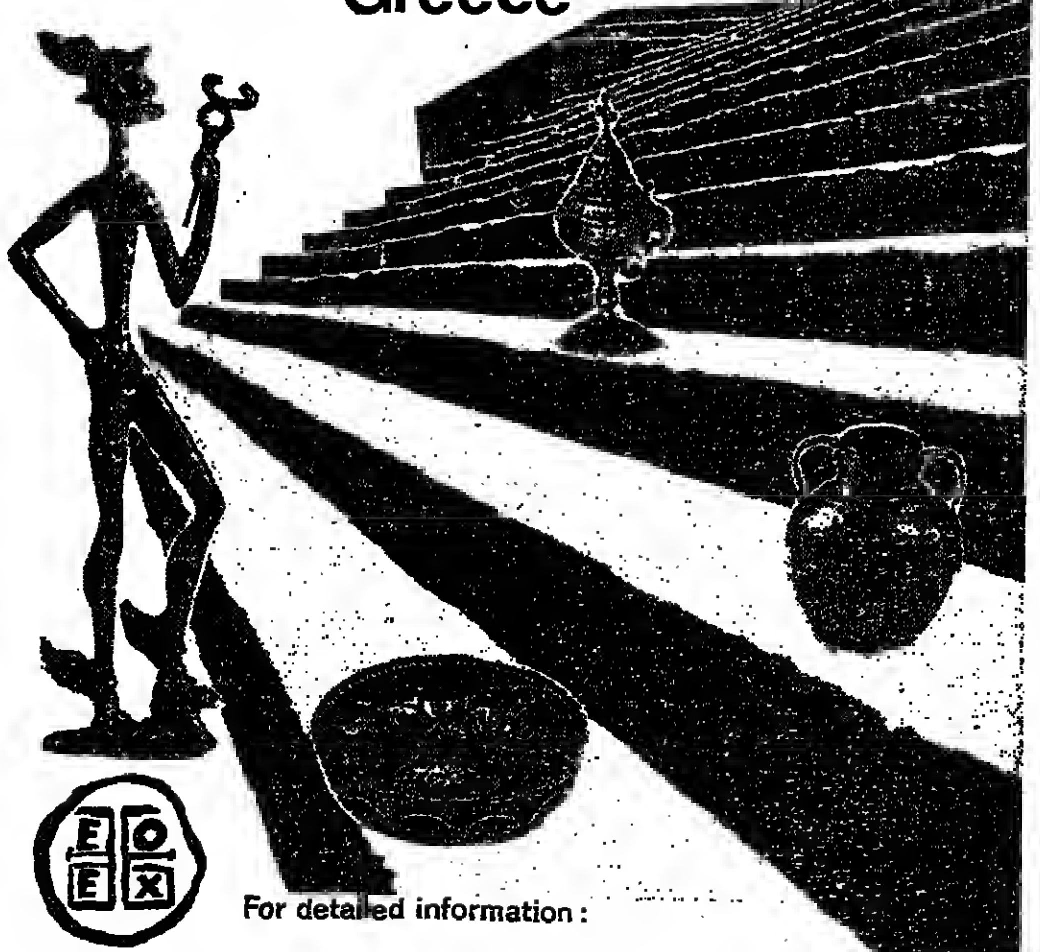












WALL STREET + OVERSEAS MARKETS

# Economic control request hits market

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Oct. 19.

SHARP LOSSES hit Wall Street to-day, but the close was well above the worst amid continued uncertainty about the economic outlook under President Nixon's Phase Two policies.

After dropping 9.63 to 862.81 one hour before the close, the Dow Jones Industrial Average finished at 868.43, for a net loss of 4.01. The NYSE All Common Index shed 22 cents to $53.57, while declines led losses by 980-to-428 following a five-to-one majority.

The almost 1,000 declining issues outpaced advances by a five-to-one margin.

The President's request to Congress to-day for economic control authority extending until August, 1973, was not unexpected but some traders thought was too "much Government control of free markets for too long a time."

Among Blue Chips, Allied Chemical were down $2¼ to $29¾. Sears lost $¾ to $91¼, Swift declined $1 to $37¾. Union Carbide gave way 6¼ to $42⅞ and Westinghouse shed $¾ to $91.

"Glamours" mixed. IBM gained $2¾ to $309 and Disney added $1⅞ at $100, but Xerox dropped $1⅝ to $110½ and Polaroid dipped $¾ to $91½. Levitz rose $1 to $96¼.

Computers generally came back. Burroughs shed $1 to 6135, Control Data lost $¾ to $42 and Honeywell eased $⅜ to $111⅛.

lower, with the exception of General Motors which added $⅛ at $81⅛.

Major Oils were firm. But Occidental eased $⅛ to $14⅞ on the signing of an agreement with the Nigerian Government for a 25-year concession.

Drugs closed mixed. Eli Lilly lost $1¼ to $105 and American Cyanamid dipped $¼ to $32⅛. But Merck jumped $2¼ to $114. Bristol Myers declined $1⅞ to $63¼.

In Chemicals Dupont, Dow and Monsanto each closed higher, but Allied slipped $1¼ to $29¾.

The late rally helped the Mobile Home sector. Skyline were off $⅜ at $51⅛, after $50⅜. Winnebago wiped out an early loss and closed $1¼ up at $43.

Among companies reporting higher third quarter profits, A. H. Robbins jumped $1⅛ to $37¼, Celanese gained $⅜ to $77, and National Starch inched up $⅜ to $85¼.

The American SE Index was down 10 cents to $25.18 in a volume of 4.1m. (2.58m.) shares.

STP topped the actives and dropped another $⅛ to $16⅛ on its lower third-quarter profits.

Steinberg "A" added $1 at $19, Peoples Credit "A" gained $1 to $17¼. Gorden Mackay "B" also put on $1 to $13 and Supertest climbed $1 to $52.

PARIS—The market turned mixed after a slightly firmer opening. Most Banks and Financials advanced, while Pricel rose among Portfolio companies.

Chemicals tended lower, but Electricals firmed. Foods and Stores were well disposed, Steels showed some gains, Motors and Rubbers were barely changed.

Norsk Hydro advanced Frs.11 in a mixed Foreign sector. Germans and South Africans were weak, Dutch and Belgian issues about unchanged. In Americans, General Motors advanced but IBM eased.

BRUSSELS — Quietly steady. Sofina rose Frs.50 in Financials. In Chemicals, UCB moved up Frs.35 following its dividend. Among Steels, Arbed put on Frs.15 but Cockerill shed Frs.24.

Golds were narrowly mixed. Brascan and De Beers moved lower. Ugine rose again in otherwise little changed French issues. Royal Dutch were maintained in generally dull Dutch stocks.

GERMANY—Markets were lower in quiet trading, with no special background developments to stimulate interest.

Leading Chemicals and Electricals lost up to DM2.50, while Dresdner Bank fell DM5 in leading Banks.

Losses in other sectors were generally between DM1 and DM3. Schering dropped DM12 in Chemicals, while Kali Chemie fell DM10.

Bonds also tended lower.

AMSTERDAM — Internationals were dull and narrowly mixed.

Local Industrials were also mixed in reduced volume. Leading issues to decline included Albert Heijn, VMF, OCE-Van der Grinten and Bols. Banks were mixed, most Investment Funds slipped further and Insurances continued their downtrend.

State Loans were firm.

MILAN—Firm and active. There was demand for "popular" stocks and the market closed with a large majority of modest gains.

Generali, Fiat, Cantoni, Italcementi, Miralanza and Ossigeno were among main gainers. Bastogi recovered Lire 33.

The Bonds sector was firmer in active trading.

SWITZERLAND—Markets continued to decline in quiet trading, with losses more pronounced than recently. Selling pressure developed in Bearer shares due to liquidations for Foreign account. Nestle, Alusuisse and Fischer markedly weaker. Brown Boveri, Lonza, Sandoz and Sulzer also lost ground.

Banks closed barely steady.

State Bonds were steady to barely maintained.

Dollar stocks generally eased. Corning Glass fell sharply. In Dutch Internationals, AKZO and Philips eased. German stocks were mainly easier.

STOCKHOLM—Well maintained.

OSLO—Banks tended easier. Industrials firmer, Shippings steady.

VIENNA—Building shares were maintained, while Metals were irregular.

COPENHAGEN—Quietly irregular and uninfluenced by the Import Surcharge, which was announced after the close. Banks were little changed.

JOHANNESBURG—Prices continued to decline in quiet trading, reflecting lack of all-round interest. Financial Minings and the Gold sector were lower.

Palamin were weaker in Coppers, but Consolidated Murchison gained 15 cents in other Metals and Minerals. Platinums were lower.

Banks mixed while Industrials were easier.

TOKYO—Generally lower on active selling by foreign investors. Volume 85m. (55m.) shares.

Housing-related issues led the decline with Daiwa House off Yen 33 at 361, Toto down Yen 33 at 580, and Eidai Sangyo Yen 44 lower at 892.

Petroleum shares were also easy following Press reports that the Caltex Group would raise Middle East crude oil prices. Showa Oil shed Yen 17 to 171, while Nippon Oil at Yen 120 and Mitsubishi Oil at Yen 91 were each off Yen 6.

Constructions, Electricals and Pharmaceuticals also levelled off. Sony dropped Yen 40 to 2,685. Mitsumi Electric lost Yen 13 at 216. Toyo Construction declined Yen 32 to 356, Kaken Chemical gave way Yen 16 to 190 and Chugai Pharmaceutical dipped Yen 6 to 191.

Among limited bright spots were Machinery shares related to anti-Pollution Equipment, with Chiyoda Chemical Engineering up Yen 3 at 216.

AUSTRALIA — "Heavyweight" Mines gave indications of a hesitant recovery near the close. "Speculative" Explorers, with a few outstanding exceptions, were generally ignored, however.

Hamersley rose 7 cents to $2.85 offered. MIM lost 5 cents to $2.90 offered but North Broken Hill rose 5 cents to $1.57. Peko-Wallsend were 14 cents lower at $6.70. Queensland Mines fell 30 cents to $3.70 while Kathleen were steady at $2.60.

Poseidon also were steady at $15, after selling down to $14.70.

In "Speculatives," Pancontinental advanced 12 cents to 94 cents and Whim Creek were 50 cents higher at $3.50. Southland lost 5 cents to 65 cents, Selcast sold at $1.25, while Tasminex were 44 cents.

Oils were easier. Bridge lost 3 cents to 31 cents on its take-over bid for Aurora Oil NL. NSW Oil and Gas were also 3 cents lower at 29 cents.

Industrials were weak. BHP lost 20 cents to $10.92, Austimi were 3 cents lower at $1.12, Boral shed 5 cents to $1.80 and Myer gave way 5 cents to $3.09.

Bank of NSW were down 8 cents to $5.80. Comalco gave up 5 cents to $3.

Peninsula Bus Lines jumped 14 cents to 40 cents—Carrick Investments has offered 45 cents cash per share for half of the company's issued capital.

## OTHER MARKETS

### Canada again lower

Canadian Stock Markets lost further ground in moderate trading yesterday. Utilities fell 1.74 on index, Western Oils declined 1.13, Industrials dipped 0.99, Base Metals lost 0.37 and Papers eased 0.03, but Banks firmed 0.17 and Golds gained 0.13.

## Indices

### NEW YORK

#### DOW JONES AVERAGES

| Close | Gume Bonds | Transport † | Indus. * | Util. Φ | Trading volume 000's |
|---|---|---|---|---|---|
| Oct. 19 | 71.82 | 254.8 | 868.43 | 114.65 | 13,040 |
| 18 | 71.78 | 256.6 | 872.[illegible] | 114.13 | 10,420 |
| 15 | 71.75 | 257.54 | 874.86 | 115.86 | 15,120 |
| 14 | 71.76 | 258.64 | 878.36 | 115.96 | 12,370 |
| 13 | 71.70 | 242.64 | 888.30 | 116.40 | 13,540 |
| 12 | 71.59 | 244.21 | 893.56 | 116.08 | 14,340 |
| 11 | 71.52 | 241.86 | 891.94 | 115.19 | 7,800 |
| 8 | 71.48 | 241.89 | 893.91 | 114.39 | 13,360 |
| 7 | 71.50 | 242.82 | 901.30 | 114.14 | 11,700 |
| 1971 High | 71.88 (6/4) | 248.33 (7/8) | 950.81 (28/4) | 128.39 (19/1) | — |
| Low | 65.52 (4/1) | 169.70 (4/1) | 830.57 (4/1) | 109.18 (27/9) | — |

* All-time high 995.15 (9/2/66)
‡ All-time high 279.88 (7/2/69)
Φ All-time high 163.32 (20/4/65)
† Excluding bonds.

#### IND. DIVIDEND YIELD p.c.

| Oct. 18 | Oct. 15 | Oct. 11 1970 |
|---|---|---|
| 3.01 | 3.23 | 4.30 |

#### N.Y. SE ALL COMMON INDEX

Dec. 31, 1965=50.

| 1971 High | Low | Tues. | Mon. | Fri. | Thurs. | Wed. |
|---|---|---|---|---|---|---|
| 57.76 (28/4) | 49.73 (4/1) | 53.57 | 53.79 | 54.06 | 54.27 | 54.76 |

#### RISES AND FALLS

| Issues traded | Up | Down | Unchanged |
|---|---|---|---|
| 1,704 | 428 | 980 | 296 |

| 1970/71 | Tues. | Mon. | Fri. | Thurs. | Wed. |
|---|---|---|---|---|---|
| New Highs | 13 | 22 | 11 | 24 | 56 |
| Lows | 71 | 68 | 76 | 62 | 46 |

#### AMERICAN SE ALL STOCKS AVERAGE

| 1971 High | Low | Tues. | Mon. | Fri. | Thurs. | Wed. |
|---|---|---|---|---|---|---|
| 26.89 (28/4) | 22.72 (4/1) | 25.18 | 25.28 | 25.37 | 25.46 | 25.62 |
| Volume (000's) | | 4,180 | 2,580 | 3,480 | 3,746 | 4,150 |

#### STANDARD AND POORS U.S. STOCK INDICES

| | *Industrials | † Composite |
|---|---|---|
| Oct. 19 | 106.93 | 97.00 |
| 18 | 107.29 | 97.35 |
| 15 | 107.77 | 97.79 |
| 14 | 108.14 | 98.13 |
| 13 | 109.15 | 99.03 |
| 12 | 109.79 | 99.57 |
| 11 | 109.37 | 99.16 |
| 1971 High | 115.84 (25/4) | 104.77 (25/4) |
| 1971 Low | 99.73 (4/1) | 91.50 (4/1) |

* 425 Utilities. † 425 Industrials, 60 Utilities and 25 Rails. 1941=10.1

#### STOCK AND BOND YIELDS

| | Oct. 14 | Oct. 7 | Oct. 14 1970 |
|---|---|---|---|
| Industrial div. yield pc | 2.86 | 2.86 | 3.54 |
| Price-earning ratio | 17.76 | 17.82 | 15.89 |
| Long-term Govt. Bds. yield pc | 5.68 | 5.75 | 6.75 |

#### MOST ACTIVE STOCKS

| | Shares traded | Closing price | Change on day |
|---|---|---|---|
| Bristol Myers | 325,800 | 63¼ | −1⅞ |
| American Airline | 135,100 | 37⅛ | −⅛ |
| Skyline | 116,900 | 51⅛ | −⅜ |
| Amer. Tel. & Tel. | 107,800 | 42⅛ | −⅛ |
| Goodyear Tire | 107,500 | 32 | −⅛ |
| Gen. Port. Cement | 103,200 | 29⅛ | +⅛ |
| Caterpillar Tractor | 100,600 | 45⅞ | −2⅛ |
| Redman Industries | 98,400 | 27⅛ | +1⅛ |
| Allied Chemical | 88,800 | 29⅛ | −2⅛ |
| First Nat. City | 87,500 | 41⅛ | +1 |

### AUSTRALIA

#### MELBOURNE YIELD INDICES

| Av'ge yield on 50 Leading Stocks | Oct. 15 | Oct. 14 | Oct. 13 |
|---|---|---|---|
| On Dividends | 3.67 | 3.27 | 3.76 |
| On Earnings | 2.66 | 9.06 | 9.76 |

#### SYDNEY ALL ORD. INDEX

| Oct. 18 | Oct. 15 | High 1971 | Low 1971 |
|---|---|---|---|
| 441.46 | 441.11 | 518.51 (4/1) | 428.40 (8/10) |

### TOKYO

#### NEW SE INDEX

Base=100 January 4, 1968.

| Oct. 19 | + or − | Div. % | Yield |
|---|---|---|---|
| 110.32 | −1.34 | 11.90 | 3.60 |
| | | High 205.19 (13/8) | Low 148.83 (5) |

### TORONTO

#### INDUSTRIAL INDEX

| Oct. 19 | Oct. 18 | 1971 High | 1971 Low |
|---|---|---|---|
| 163.60 | 164.45 | 185.74 (12/7) | 161.49 (14/10) |

### MONTREAL

#### INDUSTRIAL INDEX

| Oct. 19 | Oct. 18 | 1971 High | 1971 Low |
|---|---|---|---|
| 170.16 | 171.09 | 196.89 (20/4) | 169.45 (14/10) |

#### COMBINED INDEX

| Oct. 19 | Oct. 18 | 1971 High | 1971 Low |
|---|---|---|---|
| 168.86 | 169.90 | 191.05 (20/4) | 167.37 (14/10) |

### JOHANNESBURG

| | Oct. 19 | Oct. 18 | High | Low |
|---|---|---|---|---|
| Industrials | 170.4 | 171.3 | 212.4 (8/4) | 165.8 (13/1) |
| Golds | 64.9 | 65.4 | 89.3 (19/4) | 64.9 (19/10) |

(1958=100.) Source: Rand Daily Mail.

### EUROPE

| | Oct. 19 | Previous | 1971 High | 1971 Low |
|---|---|---|---|---|
| Belg'm (m) | 95.83 | 96.04 | 106.74 (30/7) | 92.14 (4/1) |
| France (bb) | 68.2 | 68.0 | 79.2 (28/7) | 65.8 (12/10) |
| Germany* | 94.05 | 94.86 | 112.71 (25/2) | 93.84 (21/9) |
| Holland (o) | 101.3 | 102.1 | 123.0 (6/4) | 101.8 (15/10) |
| Italy † | 47.17 | 46.76 | 60.08 (6/3) | 46.29 (28/9) |
| Sweden (p) | 280.35 | 276.40 | 292.71 (23/6) | 245.71 (6/1) |
| Switz'rl'd** | 371.0 | 373.3 | 412.9 (10/6) | 355.0 (4/1) |

* Herstatt Index. ‡ Base amended to January 2, 1962, from December, 1958. ** Swiss Bank Corporation Index base 100 December, 1968. (b) Basis 100 December 29, 1967. (c) Closed. (m) Base date amended from 1953 to 1963. (o) Adjusted now quoted on basis 1963=100 and no longer 1953=100. (p) Base date December 29, 1956. (bb) New Index introduced by Paris Bourse Committee basis 1961=100.

MONEY + EXCHANGES

# Very small assistance

Bank Rate 5% (Sept. 2, 1971)

Credit was again in short supply in the Discount market yesterday morning but conditions became less difficult later in the day and a very small amount of assistance was given by the authorities. This came by buying Treasury bills from the houses. No significant factors affected the market but the gilt edged settlement and Treasury bill take-up were slightly unfavourable. No standby facilities were used.

Calling was fairly heavy and a rate of 4¾ per cent. was bid for secured day-to-day loans for the most part, with 5 per cent. on occasions. Towards the [illegible] rates were in the range of [illegible] per cent.

In the inter-bank market overnight loans opened at 5¼-5¾ per cent., touching 5½ per cent. [illegible] places. In the afternoon the rate fell to 4¾ per cent. and closed at 4 per cent.

| Oct. 18 | Sterling certificates of deposit | Inter-bank | Local Authority deposits* | Local Auth. negotiable bonds | Finance house deposits | Inter-company loans | Discount market deposits | Treasury bills Φ | Bank bills Φ | Fine trade bills Φ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 4-4⅞ | — | — | — | 5⅜-5½ | 4¼-5 | — | — | — |
| 2-days notice | — | — | 5¼-5⅛ | — | — | 5⅜-5½ | — | — | — | — |
| 7-days or 7-days notice | — | 5⅛-5⅜ | 5⅜ | — | 5¼ | 5⅜-5½ | 5-5⅛ | — | — | — |
| One-month | 5⅞-5⅞ | 5⅛-5¼ | 5-5¼ | 5⅜-5 | 5-5¼ | 5½-5⅝ | — | 4⅞-4⅝ | 4⅞-4½ | [illegible] |
| Two-months | 5⅞-5⅞ | 5⅛-5¼ | 5⅛-5¼ | 5¼-5 | 5-5¼ | 5½-5⅝ | — | 4⅞ | 4⅞-4½ | [illegible] |
| Three-months | 5⅞-5⅞ | 5⅛-5¼ | 5⅛-5⅜ | 5¼-5 | 5⅛-5¼ | 5¾-5⅞ | — | 4⅞-4⅝ | 4⅞-4⅝ | [illegible] |
| Six-months | 5⅞-5⅞ | 5⅛-5⅜ | 5¼-5⅜ | 5⅜-5½ | 5¼-5⅜ | 6-6¼ | — | — | — | [illegible] |
| Nine-months | 5⅜-6¼ | 5¼-5⅞ | 5⅜-5⅜ | 5⅜-5¼ | 5⅜-5½ | 6-6¼ | — | — | — | [illegible] |
| One-year | 5⅛-5⅜ | 5⅜-5⅞ | 5¾-5½ | 5½-5⅜ | 5⅜-5¾ | 6¼-6⅛ | — | — | — | [illegible] |
| Two-years | — | 6⅛-6⅛ | 6⅜-8½ | 6⅛-6 | 2 | 5 | — | — | — | [illegible] |

† Local authorities and finance houses seven-day notice, other seven-days fixed. * Nominal longer-term mortgage rates three-years 7-7⅟16 per cent., four-years 7¼-7⅞ per cent., and five-years 7½-7¾ per cent. Φ Bill rates in table are buying rates for prime paper. Buying rate for 4-month bank bills 4⅞ per cent., and for 4-month trade bills 5⅛ per cent. Approximate selling rate for 1-month Treasury bills 4⅛ per cent., for 2-month 4⅟⅕₃₂ per cent., and for 3-month 4 33-64ths per cent. One three months bank bills eligible for re-discount at the Bank of England were quoted for sale to places at 4⅛ per cent. [illegible] one to three-month trade bills at 5 per cent.

Finance House Base Rate (published by the Finance House Association) 6 per cent. from Oct. 1. Clearing banks' deposit rate (for small sums at 7-days' notice) 2½-3 per cent., and Base Rate for lending 4½-5 per cent.

Co-operative Bank Deposits: 7-day 4 per cent., 1-month 3¾ per cent., base rate 5 per cent.

## EXCHANGES AND BULLION

Sterling closed unchanged against the dollar in London inter-bank dealings at $2.4893-2.4895. Fluctuations in the rate were very small, and after an early high point of $2.4894-2.4897 the pound traded for most of the day at $2.4890-2.4893, before picking up towards the close. Euro-dollar rates were unchanged. Forward pounds eased, with the 3-month at 0.95 cents premium, the 6-month at 1.17 cents premium, and the 12-month at 0.50 cents premium. The dollar had a mixed day against the major currencies. It gained some ground in terms of Swiss francs and Swedish kronor, but weakened against Dutch guilders, Belgian francs and the D-Mark. Changes, however, were generally small and dealings remained in a low key.

Gold was fixed at $42.55 (£17.095) an ounce in London in the morning and at $42.57½ (£17.103) in the afternoon. Business was moderately active and the closing quotation was unchanged on the day at $42.50-$42.70. In Zurich gold ended unchanged at $42.50-$42.65. In Paris the 12½-kilogramme gold bar was fixed at Frs.7,445 a kilogramme ($42.70 an ounce, down 0 cents at the financial franc exchange rate) at noon, and at Frs.7,447 ($42.71 an ounce) in the afternoon. The one-kilogramme ingot was fixed at Frs.7,450 ($42.74 an ounce). Turnover at the Bourse meeting was up from Frs.2.8m. to Frs.3.3m. Hong Kong lowered gold 2 cents to $44.16.

## EXCHANGE CROSS-RATES

| Oct. 19 | Frankfurt | New York | Paris (c) | Brussels | London | Amsterdam | Zurich |
|---|---|---|---|---|---|---|---|
| Frankfurt | — | 3.32-322 | 59.95-60.0 | 7.098-7.1 | 8.566-68 | 93.05-03 | [illegible] 80-82 |
| N. York | 30.11-1175 | — | 18.035-045 | 8.1355-80 | 2.4890-4894 | 29.8125-75 | 25.1562-862 |
| Paris (c) | 166.985-085 | 5.544-545 | — | 11.247-53 | 13.7975-075 | 165.37-47 | 139.6-7 |
| Brussels | 14.7-8 | 46.77-79 | 8.62-65 | — | 115.41-45 | 15.54-6 | 11.77¾-78¼ |
| London | 2.863⅛-7⅛ | 2.487⅛-4[illegible] | 13.79⅜-80¼ | 115.35-60 | — | 2.341¼-51¼ | 9.89-2⅛ |
| Am'd'm | 10.94⅛-99⅞ | 3.35⅛-5⅛ | 60.45¼-50⅛ | 7.161⅛-7 | 8.74⅜-7⅛ | — | 4.33¼-43¼ |
| Zurich | 119.60-7[illegible] | 3.9730-60 | 71.65-75 | 8.48-49⅛ | 9.8875-825 | 116.41-56 | — |

U.S. $ on Montreal 1.00⅟₁₆-⅟₁₆. Canadian $ on New York 0.9959-0.9962. (c) Commercial

Milan on New York 612.30. Milan on London 1523.25.

## EURO-CURRENCY INTEREST RATES ◇

| Oct. 19 | Sterling | U.S. dollar | Canadian dollar | Dutch guilder | W. German mark | Swiss franc |
|---|---|---|---|---|---|---|
| ‡Short-term | 5-5½ | 5⅛-5⅝ | 5-5¼ | 6-6½ | 6½-7½ | ¼-½ |
| 7-days' notice | | 5¼-5¾ | 5⅛-5⅜ | 6-6½ | 5½-7½ | ¼-½ |
| Month | 4⅝-4⅞ | 5⅝-6⅛ | 5¾-6 | 5⅛-5¾ | 6-6⅜ | ⅜-⅝ |
| Three-months | 4⅞-5⅜ | 6⅜-6⅞ | 6⅜-6⅝ | 5⁹⁄₁₆-5¹¹⁄₁₆ | 6-6¼ | 1½-1¾ |
| Six-months | 5⅝-6⅛ | 6⅝-7⅛ | 6⅝-6⅞ | 5⁹⁄₁₆-5¹¹⁄₁₆ | 5⅞-6⅛ | 2⅟₁₆-2⅝ |
| One-year | 6½-7½ | 6¾-7¼ | 6¾-7 | 5⅛-6⅛ | 5⅞-6⅛ | 2⅝-3⅞ |

Longer-term Eurodollar deposit rates were quoted nominally as follows: two-years 7¾-7⅞ per cent., three-years 7¾-7⅞ per cent., four-years 7⅞-8 per cent., and five-years 8-8⅛ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6-5⅞ per cent., three-months 6⅜-6⅝ per cent., six-months 6¹⁵⁄₁₆-6¹³⁄₁₆ per cent., one-year 7⅟₁₆-6¹⁵⁄₁₆ per cent.

◇ Rates are in some cases nominal.

‡ Short-term rates are call for Sterling, U.S. dollars and Canadian dollars, and two-days' notice for Guilders, Marks and Swiss francs.

## FOREIGN EXCHANGES

| Oct. 19 1971 | Bank Rate % | Day's Spread | Close |
|---|---|---|---|
| New York | 5 | 2.4859-2.4918 | [illegible] |
| Montreal | 5¼ | 2.4918-2.50 | [illegible] |
| Amst'dam | 5 | 8.33½-8.37½ | [illegible] |
| Brussels | 5½ | 116.38-116.60 | [illegible] |
| Copenh'gn | 7½ | 18.06-18.18 | [illegible] |
| Frankfurt | 4½ | 8.25½-8.28½ | [illegible] |
| Lisbon | [illegible] | 69.09-69.60 | [illegible] |

[illegible]

## FORWARD RATES

[illegible]

# OVERSEAS SHARE INFORMATION

Investment $ Premium (based on $2.40 per £1) 20¼% (20¼%)

### NEW YORK

| Stock | Oct. 19 | Oct. 18 |
|---|---|---|
| Crane | 42⅝ | 44 |
| Creole | 21⅞ | 23¼ |
| Ling-T'mco-Vght | 10½ | 10⅝ |
| Litton Indus. | 22⅞ | 21⅞ |
| Sterling Drugs | 47 | 46¾ |
| Studebaker | 41⅞ | 45⅜ |
| Crocker Nat.O.P. | 34 | 34 |
| Dividend Shares | †3.56 | †3.56 |

[illegible]

### GERMANY

| Oct. 19 | Price Dm | + or − | Div. % | Yld. % |
|---|---|---|---|---|
| 6% Fed. Loan (1977) | 21¼ | −⅛ | 6 | 6.5 |
| A.E.G. Dm.(50) | 145 | −6.0 | 18 | 5.6 |
| AllianzV'rs Dm50 | 361 | −13 | 12 | 1.8 |
| Audi NSU (Dm50) | 140.3 | −1.5 | — | — |
| B.M.W. (Dm50) | 164.1 | −4.9 | 12 | 3.6 |

[illegible]

### PARIS

| Oct. 19 | Price Frs. | + or − | Div. Frs. | Yld % |
|---|---|---|---|---|
| Rentes 3½ pc 1952 | 182.4 | −1.6 | 3.2 | 2.2 |
| Air Liquide | 362.8 | −3.2 | 10.25 | 2.9 |
| Aquitaine | 688 | +5 | 15.84 | 2.3 |
| Banque Ind. Chine | 241.2 | | 2.89 | 3.9 |
| Beghin | 149 | +1.6 | 7.32 | 5.0 |
| Bouygues Souchon | 1086 | +45 | 21.59 | 3.0 |
| Charter Cons. | 20.1 | −0.85 | 9.32 | 4.5 |
| Chargeurs Reunis | 192 | −1.5 | 9.02 | 4.8 |

[illegible]

### MILAN

| Oct. 19 | Price Lire | + or − | Div. Lire | Yld. % |
|---|---|---|---|---|
| Alitalia Priv. | 10,000 | | — | — |
| ANIC | 738 | −30 | 50 | 9.7 |
| Bastogi | 1,740 | +33 | 85 | 4.5 |
| Breda | 4,960 | +60 | 182 | 3.4 |
| Burgo | 7,950 | +70 | 316 | 3.9 |
| Cantoni | 16,390 | +390 | 320 | 4.2 |
| CIGA | 4,925 | +23 | 100 | 2.0 |
| Cucirini | 4,676 | +77 | 300 | 2.4 |

[illegible]

### AUSTRALIA

[illegible]

### TORONTO

[illegible]

### MONTREAL

[illegible]

### PUBLIC UTILITIES

[illegible]

### TRUSTS, BANKS & BONDS

[illegible]

### AMSTERDAM

[illegible]

### BRUSSELS

[illegible]

### SWITZERLAND

[illegible]

### OSLO

[illegible]

### VIENNA

[illegible]

### TOKYO

[illegible]

### STOCKHOLM

[illegible]

### COPENHAGEN

[illegible]

### JOHANNESBURG

[illegible]

حكما منذ الاصل

# STOCK EXCHANGE REPORT

# Turnover boosted by increase in speculative business

## Index ends 0.5 off at 415.2—Markings highest for 3 months

**ACCOUNT DEALING DATES**

Option

| First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Oct. 4 | Oct. 14 | Oct. 15 | Oct. 26 |
| Oct. 18 | Oct. 28 | Oct. 29 | Nov. 9 |
| Nov. 1 | Nov. 11 | Nov. 12 | Nov. 23 |

" New time " dealings may take place from 5 p.m. three business days earlier.

Monday's late news of the surprise bid approach from Allied Breweries for Trust Houses Forte sparked off a good business in speculative issues. There was a large turnover in THF which rose 23p to 178p for a two-day spurt of 51p and many old take-over favourites came to the fore in dealings which, as measured by markings of 14,208, were the highest for three months. Leading stocks made a mixed showing with isolated bright spots such as Tesco, helped by a broker's circular, and Allied Suppliers, better on the interim results; Hawker, another index constituent, were good ahead of the interim statement, but others often gave way after a firm start. ICI, for instance, closed 4p lower at 304p, after 310p. The upshot was that the Financial Times Industrial Ordinary share index ended with a net loss of 0.5 at 415.2, after having been 2.8 up at noon. The three main F.T.-Actuaries indices, on the other hand, were slightly better.

The ratio of rises to falls in F.T.-quoted equities narrowed from about 2:1 to 5:4. Apart from short-term economic doubts, some uncertainty about the political moves over next week's vote on the Common Market was put forward as a reason for buyers' reluctance, while sentiment was unsettled in the afternoon by news of the 10 per cent import surcharge imposed by Denmark.

Gilt-edged eased on further profit-taking but losses were modest, usually limited to ¼. Mines were neglected and South African Golds eased on small selling and lack of buying to take the Gold Mines index 0.2 lower to a 1971 "low" of 44.6.

### Gilts lower again

After the previous day's easier trend which followed news of the GLC issue, British Funds gave further ground. Mediums and longs came in for a fair amount of profit-taking, but finished slightly above the day's worst with widespread losses of ⅛ to ¼ and occasionally more. There was not a great deal of selling of the shorts, but prices eased in sympathy with the longer maturities and closed up to $\frac{3}{16}$ lower. Trading in Corporations was quite lively with prices easing at first, but picking up to close little altered on balance. Commonwealth stocks, however, were overshadowed by the main Funds.

Little interest was shown for investment dollars and the premium remained at 20¼ per cent.

There was a lively business in Derek Crouch when dealings started yesterday; from an opening of 85p, the 20p shares moved ahead to close at 88p, compared with the offer for sale price of 80p. Elsewhere in New Issues, Carron were notable for a rise of 8p at 158p.

### Home Banks sold

Still overshadowed by Barclays' cut in their base interest rate, Home Banks suffered a further setback during a small business and closed at the day's lowest. Falls extended to 12p as in National Westminster, 550p. Discount Houses, however, showed a firm bias, with Allen Harvey and Ross ending 20p up at 610p ahead of to-day's expected interim results. Clive also rose 20p to 645p awaiting interim figures, due shortly.

Dealers reported a reasonable turnover in Insurances. Life Offices were mainly easier, where changed, with Britannic ending 8p down at 226p and Equity and Law 6p off at 298p, but Pearl improved 4p to 284p. Composites, on the other hand, were better for choice, "Royals" adding 4p at 408p, C. T. Bowring added 5p at 485p in Lloyds brokers, but Sedgwick Collins receded 6p to 210p.

Breweries remained quiet, but interest was shown in Vaux which put on 9p to 366p. Elsewhere, Highland Distilleries eased 2p to 170p after the results. IDV found buyers at 68p, up 5p, while Williams and Humbert, which is in receipt of a cash offer of 150p from a Spanish company moved up 7p to 147p.

A number of firm features were seen in second-line Building issues, mainly on speculative buying. The leaders, however, were quiet and little altered. Galliford Estates, 157p, and Drury Holdings, 78p, gained 12p and 6p respectively, while Heywood Williams added 3½p more at 86p. Aberthaw Cement gained 4p to 147p on the improved interim figures, while Limmer ended 2p higher at 40p, after 40½p, on the directors' advice to holders to take no action on the Tarmac bid. Contracting issues were dull again and losses of 3p-4p were sustained by Bovis, 214p, G. Wimpey, 217p, and W. and C. French "A," 31½p.

ICI hardened to 310p in early trading, but drifted back to close 4p lower on balance at 304p. On the other hand, Laporte met speculative support at 90p, up 7p, while Glovers rose 6p to 110p.

Rediffusion TV gained 6p to 87p, but Trident "A," a good market of late, reacted 4p to 65p after the results.

### Freemans react

Leading Stores were quiet and narrowly irregular. Debenhams, whose interim results are due soon, improved another 2p to 241p, while House of Fraser gained 3p to 266p. United Drapery, however, lost 3p to 129p. Ahern Services were a good feature again at 88p, up 8p. In Mail Orders, Freemans (London) attracted profit-taking and lost 11p to 192p, while MFI Warehouses declined 6p to 199p. Grattan Warehouses, however, rallied 4p to 270p. Further consideration of the improved interim results left J. Farmer 3p higher at 123p in Shoes, while another firm spot was Stylo at 55p, also 3p better.

Feature of otherwise quiet and little changed leading Electricals was the late firmness of EMI which moved ahead "after-hours" to 170p for a rise of 6p; the U.S. Capitol subsidiary announced its first-quarter results well after the close of the market. Elsewhere, Chloride remained a good market, adding 5p more at 145p, while Midland Electric were similarly higher at 92p. Pressac, 132½p, and Sangamo Weston, 120p, both recorded gains of 5p, and British Electronic improved 2½p to 13p. On the other hand, Westinghouse Brake came back 6p to 309p and Electrocomponents 4p to 148p, while Pantiya gave up 4½p at 29½p.

Institutional buying was held partly responsible for firmness in Metal Box, 5p higher at 396p, after 398p, while investment demand encouraged rises of around 5p in BHD, 179p, Amari, 100p, and Birmid Qualcast, 109p. In front of to-morrow's preliminary figures, Lake and Elliot put on 5p further to 132p. Also higher were Ellis (Kensington), 98p, and Charles Roberts, 315p, both up 6d or so, while Leon Berner advanced 4p to 17p. Metal Traders were also 4p higher at 36p, and on the results, Newman Tonks rose 3p to 131p. Among the few dull spots, Simon, at 142p, gave up 7p of Monday's 12p rise. Machine Tools, where changed, were often harder.

### Trust Houses active

Following Monday's leap of 28p on the surprise approach from Allied Breweries, Trust Houses Forte opened higher at 180p, quickly went to 170p and eased to 167p before moving steadily up again to close at the day's best of 178p for a net gain of 23p; THF was the most actively traded stock yesterday with 42 recorded bargains. There was a reasonable turnover in Allied Breweries which moved narrowly before ending unaltered on the day at 117p.

Further consideration of the first half-year report lifted Allied Suppliers another 8p to 272p. Other firm spots in Foods included Fitch Lovell, 106½p, Matthews Holdings, 79p, and Oriel Foods, 30p, all around 4p higher. United Biscuits, down 10p on Monday, recovered 8p to 214p.

Bookmaking shares were a particularly good market. Ladbroke rose to 350p and closed 20p higher at 345p, while J. Coral improved 9p to 177p and Wm. Hill 7p to 111p. News of the acquisition of Eagle Engineering prompted a rise of 10p to 148p in Hestair. Buyers came for Glaxo, 17p to the good at 404p on a broker's circular. Johnson Matthey were 20p better at 308p. Venesta rose afresh to 45p on renewed speculative demand before closing ½p lower on balance at 39p, while Keizer Venesta put on 5p to 49p in sympathy; news of the bid for both companies from Ozalid came well after market hours. Courtney Pope moved up 6p to 78p ahead of the interim results, due shortly. Gomme Holdings gained 5p to 212p on the good results and proposed scrip issue, while British Syphon advanced 15p to 200p after the half-yearly results. Reed International put on 7p to 252p.

Neither the spectacular increase in August's car sales nor Lord Stokes' disclosure at the Motor Show of a 20 per cent. rise in British Leyland's turnover for the year ending last month made any impact on the share price, which ended 1p down at 49p. Lotus, however, rose 6p more to 82p, after 84p, in response to the sharp recovery in first-half profits and indication of even better figures in the latter half. Components were in better form, Dunlop rising 4p to 136p, after 138p, and Dowty 3p to 127p. In Garages, British Car Auction advanced 7p further to 95p. News of the "rights" issue failed to move Pennine Motor at 28p. Ahead of Friday's interim results, Hawker Siddeley improved to 224p before a close of 222p, a net 6p rise.

Properties were basically steady with occasional features such as Oddenino's, up 11p further at 386p, and Great Portland, which gained 6p at 268p. On the increased dividend, Dorrington Investments rose 3p to 48p, while renewed speculative demand lifted Argyle Securities 3½p to 119p, after 121p. Profit-taking brought Alliance down 3½p to 116p.

Papers were featureless, but Stowe and Bowden rose 2½p to 11½p; the bid of 10p per share for the latter from Wigmore Holdings came after market hours. Elsewhere, Associated Newspapers improved 4p to 144p.

### Oils irregular

Most of the activity in the Oil market again centred on British Petroleum new shares, which came back 4p more to 108p premium; the old shares were little altered at 617p. Ultramar ran into "cheap" buying after the recent setback and recovered 7p at 276p, while a similar sort of demand pushed Attock up 8p further to 100p. Shell, on the other hand, ended 3p lower at 360p and, on arbitrage selling, Anglo-Ecuadorian dipped to 88p before meeting revived transatlantic buying which rallied the price to 95p, a net loss of 3p.

An easier tone prevailed in quiet Shippings. Court Line were 8p down at 164p, and P. and O. Deferred 4p off at 160p.

### Triumph Inv. higher

Triumph Investment remained a bright market in Trusts, closing 6p higher at 226p. Rothschild Investment improved 7p to 462p and Debenture Securities 5p to 130p, while Globe Investment, on the interim results, ended 3p better at 143p. In contrast, Monks Investment declined 4½p to 140½p and Hambros Investment "A" 5p to 128p. Anglo-Continental rose 3½p further to 64p, still reflecting the new equity financing details. Sterling Guarantee Trust closed 5p firmer at 329p, after a 1971 "high" of 333p, in response to the interim statement, while Industrial Finance gained 4p to 140p on the chairman's encouraging statement with the full report.

Leading Tobaccos gave ground in quiet trading with "Bats" easing 2p to 314p and "Imps" 1p to 82½p.

Rubbers occasionally eased a shade, but Sogomana improved 1p to a peak for the year of 29p.

### Mines drift

It was another dull day in Mining share markets with virtually all sections tending to drift down in quiet trading conditions. Among the few stocks to edge higher, Australia's Pancontinental gained 2p more to 50p on further talk of a major U.S. oil company coming in as a partner in the Northern Territory uranium prospect.

Among other Australians, Poseidon sagged 30p further to 690p, New Broken Hill dropped 15p to a new 1971 low of 350p and Whim Creek reacted 12p to 162p. MIM Holdings were 3p off at 132p in front of the annual report which is expected on Friday. Despite the record four-weekly nickel production figures Western Mining came back 7p to 113p.

Further small losses were seen in Golds where new lows for the year were reached in Kloof, 6p down at 610p, and in Vaal Reefs which fell 3p to 365p xr, the latter's new shares eased to 12p premium.

Financials followed a similar pattern. The associated Anglo-Vaal (375p) and Middle Wits (140p) each lost 10p to new 1971 lows while CAST were 12p down at 160p.

Otherwise, RTZ came back 5p to 202p and Anglo American were similarly lower at a year's low of 232p; the latter fall possibly reflected some Cape selling in London prompted by fears of a Rand devaluation.

Elsewhere, profit-taking lowered Tara 10p to 625p, while Messina eased 2p to 618p in front of the latter's Rhodesian reorganisation news.

## FINANCIAL TIMES STOCK INDICES

| — | Oct. 19 | Oct. 18 | Oct. 15 | Oct. 14 | Oct. 13 | Oct. 12 | A Year ago |
|---|---|---|---|---|---|---|---|
| Government Sec. | 79.16 | 76.27 | 76.62 | 79.66 | 79.64 | 79.47 | 71.64 |
| Fixed Interest | 78.98 | 78.81 | 79.37 | 79.34 | 79.35 | 76.08 | 73.10 |
| Industrial Ordinary* | 415.2 | 415.7 | 414.6 | 416.3 | 419.7 | 413.7 | 367.7 |
| Gold Mines | 44.6 | 44.2 | 45.1 | 44.7 | 45.8 | 46.3 | 53.0 |
| Ord. Div. Yield pc | 3.76 | 3.76 | 3.77 | 3.76 | 3.73 | 3.76 | 4.58 |
| Earnings Yield pc (a) | 3.78 | 5.79 | 3.80 | 6.77 | 6.74 | 5.79 | 5.36 |
| P.E. Ratio (a) | 17.29 | 17.66 | 17.24 | 17.36 | 17.46 | 17.27 | 13.76 |
| Dealings Marked | 14,208 | 13,447 | 12,772 | 12,604 | 12,204 | 11,483 | 9,453 |

*10 a.m. 418.9 11 a.m. 417.5 Noon 418.0 1 p.m. 416.7 2 p.m. 417.3 3 p.m. 415.3

(a) Based on 40% corp. tax from March 30, 1971. Latest Index 01-246 8026

### HIGHS AND LOWS

| — | 1971 High | 1971 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 79.64 (13/10/71) | 68.26 (4/1/71) | 127.4 (9/1/35) | 64.21 (11/6/69) |
| Fixed Int. | 79.37 (15/10/71) | 69.53 (4/1/71) | 150.0 (28/11/47) | 67.12 (11/6/69) |
| Ind. Ord. | 430.8 (7/9/71) | 505.3 (3/3/71) | 221.9 (19/9/68) | 49.4 (26/6/40) |
| Gold Mines | 51.3 (18/3/71) | 44.5 (19/10/71) | 100.0 (12/9/55) | 44.0 (13/1/70) |

### S.E. ACTIVITY

| — | Oct. 19 | Oct. 18 |
|---|---|---|
| Daily— | | |
| Gilt-Edged | 937.1 | 207.3 |
| Industrials | 488.9 | 455.5 |
| Speculative | 182.5 | 203.3 |
| Totals | 323.4 | 306.1 |
| 5-day ave— | | |
| Gilt-Edged | 270.8 | 917.0 |
| Industrials | 448.1 | 428.8 |
| Speculative | 201.9 | 207.4 |
| Totals | 297.9 | 985.8 |

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942. ‡ Corrected figure.

## AUTHORISED UNIT TRUSTS (p★★★)

§ Yield %

(g) Abacus Management
Pall Mall, Manchester 2. (061) 832 5027

(a) (b) (e) Equity & Law Un Tr M
Amersham Rd., High Wycombe, Bucks. Tel. High Wycombe 32815.

(a) Mallet & Wedderburn Ltd.
82, Lombard Street, E.C.3. 01-626 1001
(b) Overseas Units 25.0 26.6 ...... 1.87

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, E.C.2. 01-588 4000
Capital (Oct. 12) 106.1 108.7 ...... 1.80

## OFFSHORE AND OVERSEAS FUNDS (p★★★)

§ Yield %

**Albany Management Co. Ltd.**
Utility Hs. PO Box 463. Hamilton, Bermuda
Albany Fund Ltd. £5.60 £5.89 ...... 1.00

**American Express Inv. Mngmt. Co.**
154, Edward St., Brighton, O.K. BRT 685411
Am Ep'ss Int. Fd. $8.74 9.31 −0.08 —

**Anchusa Co. Ltd.**
P.O. Box 195, Hamilton, Bermuda.
Japan Gwth. Fnd. US$9.60 10.18 ...... —
Do. Do. Stg. Trt. 87.0 91.0 ...... —

**Australian Selection Fund N.V.**
Lond. Agent, Southern Cross Mgmnt., Ltd. 65, London Wall. E.C.2. 01-638 0801
U.S. $10 Shares ... US$6.20 ...... —
Next subscription day Oct. 21.

**Banque de l'Union Parisienne**
6-8, Bld. Haussmann, Paris 9e.

**Eurosyndicat Group**
Eurunion Lux F. 1.742 1,212 −27 3.47
Finance Union Lux F. 472 481 −8 3.46
For Sterling Dealing Prices contact London Agents N. M. Rothschild & Sons, Ltd., 62a 4356, Hill Samuel & Co. Ltd. 628 8011

**Fidelity Managmt. & Research Co.**
Boston, Massachusetts.
Fidelity Trend ... $23.98 25.08 −0.08 2.33
Do. Capital Fd. ... $11.98 13.08 −0.08 2.67

**Fidelity Mangmt. & Research (Bermuda) Limited**
Fidelity Int. Fnd. $13.97 ...... —
Fidelity P'cfic Fd. $10.92 −0.30 —
For additional information contact Julius Baer International Ltd. 38, Mincing Lane, E.C.3. 01-626 5182

**First Investor & Savers Vln. Agts.**
15-16, America Square, E.C.3. 01-488 4511

**Jardine Fleming & Co. Ltd.**
22, Pedder Street, Hong Kong.
JardineEast'nFd† HK$140.92 ...... 2.65
NAV Sept. 30. Next sub. day Oct. 29.
Jardine Japan F. HK$138.79 ...... 1.44

**Save & Prosper Distributors Ltd.**
P.O. Box 1434, Hamilton, Bermuda.
Dollar Fund ... £4.96 3.43 −0.04 —
Gampstead ... £5.13 5.72 −0.18 —
‡Monitor ... £4.43 4.27 ...... —
S. & P.J.J.F. ... US$12.48 15.62 −0.58 —
Sterling Fund ... £4.50 4.99 −0.01 —

## INSURANCE, PROPERTY, BONDS

# STOCK EXCHANGE DEALINGS from the Official List for Oct. 19

| | | | | | |
|---|---|---|---|---|---|
| Tuesday, October 19 | 14,208 | Friday, October 15 | 12,772 | Wednesday, October 13 | 12,204 |
| Monday, October 18 | 13,447 | Thursday, October 14 | 12,804 | Tuesday, October 12 | 11,483 |

The list below gives the prices at which bargains done yesterday by members of the London Stock Exchange were recorded in the Stock Exchange Daily Official List. Members are not obliged to mark bargains except in special cases, and *the list cannot, therefore, be regarded as a complete record of prices at which business was done.*

Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

*The number of dealings* marked in each section *follows* the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in new pence and fractions of new pence.

‡ Bargains at Special prices. Δ Bargains done with or between non-members. Φ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS, ETC. (1,101)

CORPN. & COUNTY—U.K. (211)

FREE OF STAMP DUTY

PUBLIC BOARDS, ETC.—U.K. (13)

FREE OF STAMP DUTY

Agricultural Mort. 6pcDb. 1062-87 77½Φ 6½pcDb 1975-77 03¼. 7¼pcDb. 1081-84 97½ 6 7¼pcDb. 1901-03 92½. 0pcDb 1979-82 103¼. 9½pcDb. 1080-85 1063 9½pcDb 1981-03 107¼Φ. 0½pcDb 1035-86 107¼Φ ½

SUBJECT TO STAMP DUTY

P. London. Auth SerA 1929-99 31½Φ. 3½pcReg. 1905-75 77½Φ

COMMONWEALTH GOVT. AND PROVINCIAL SECURITIES (59)

REGISTERED AND INSCRIBED STOCKS

Australia (Com) 2½pc 07¼Φ ¼ ½. 3pc 1972-74 92½. 5pc 1975-77 81⅞. 5½pc 1970-72 101⅞. 5½pc 1973 100¼. 5½pc 1975-78 83¼Φ ¼. 5½pc 1076-70 99¼ ¼ 5½pc 1977-80 88Φ. 5½pc 1081-82 83½ ¼ ¼. 6pc 1974-76 95¼D 4½ 8pc 1977-00 90½Φ. 6pc 1975 08½Φ ¼. 6pc 1901-03 88¼. 7pc 95½Φ ½ 5 4¼

Barbados 6pc 95½ 5. 6¼pc 93Φ

Dominica 6½pc 99Φ

Jamaica 4½pc 1975-70 76¼. 0¼pc 1073-1975 83½Φ

Malaysia (Govt) 6½pc 97¼Φ



COMMONWEALTH CORPN. STOCKS (1)

FOREIGN STKS., BDS., ETC. (9)

COUPONS PAYABLE IN LONDON

CORPN. STKS.—FOREIGN (3)

U.K. AND COMMONWEALTH RAILWAYS (17)

AMERICAN RAILROADS (3)

FOREIGN RAILWAYS (1)

BANKS & DISCOUNT COS. (401)

BREWERIES & DISTILLS. (350)

CANALS & DOCKS (13)

COMMERCIAL, INDUSTRIAL (7,851)

A—B

Assd. Biscuit Mfrs. 344 51. A 329‡ 30 28. 4½pcPf. 49. 7¼pcDb. 011½. 7¼pcLn. 121

Assd. Brit. Eng. (12½p) 8½Φ

Assd. Brit. Foods (5p) 08½ 6. 0½pcDb. 84. 7½pcCnv Ln. 196

Assd. Brit Maltsters (25p) 106½ 5 7. 0¼pcPf. 06½Φ. 7¼pcAPf. 75½Φ

Assd. Dairies (25p) 329Φ 33. 5½pcPf. 59

Assd. Eng. (25p) 81Φ ½ 80¼. 7½pc Ln. 90½Φ

Assd. Fisheries (25p) 59½ 7‡. 8pcPf. 35Φ. 0¼pcLn. 70½. 7¼pcCnv.Ln. 79½

Assd. Food Hldgs. (25p) 93

Assd Hotels (25p) 200

Assd. Leisure (5p) 90 0¼ ½. 7½pcLn. 1939-94 360 5½Φ 0

Assd. News. Grp. (25p) 142 3

Assd. Paper Mills (25p) 20½Φ 1

Assd Portland Cement Mfrs. 372Φ 2 70 ½ 1 ½ 67‡ 9. 8¼pcLn. 61Φ. 7pc Db. 84½. 0pcDb. 102¼Φ ¼ 3. 10¼pc Db. 110½

Associated Television Cpn. A (25p) 105 6 5‡ 5½ 4. 10½pcLn. 100

Astre Secs. (10p) 33Φ

Audio Fidelity (10p) 76

Ault Wiborg Gp. (25p) 44

Aurora Gear Eng. (5p) 20

Austin (F.) (Leyton) (5p) 14½Φ 15

Austin-Hall Gp. (25p) 148 50 ‡ 47

Australian Commonwealth Carbide Ord. (5p) 7½Φ

Automotive Products Assd. 703Φ 20

Avana Gp. (5p) 12¼ ½ 13

Averys (25p) 140Φ 9 8 7½

Avon Rubber 342 40

Ayrshire Metal Prods. (25p) 23Φ

C—D

Concrete (25p) 93 5½ 4½ 4

Consolidated Commercial (20p) 34½Φ 7½‡Φ 8‡Φ 8 7

Consolidated Tin Smelters 178Φ 81Φ. 7pc Pf. 43Φ

Continuous Stationery New 57Φ

Cook Watts (25p) 10‡ 10 ¼

Cook (Wm.) Sons (Shef.) (20p) 37

Cooper Industries (10p) 33 2½

E—F

G—H

Grand Metropolitan Hotels (50p) 184Φ ½Φ 8½ 3‡ 3 ½ 8 4 ½ 2‡. 8 (50p) 18a½Φ 7‡. 4¼pcPf. 55½. 10pcLn. 202Φ 200Φ 195‡ 200 200‡ 195‡ 9 201¼. New 10pc 205Φ 5

Grattan Warehouses (25p) 268Φ 8 73 85 73 67 9

Great Universal Stores (25p) 435 40 32. A (25p) 426Φ 50 7 5 6 5½ 4 8. 5½pc Ln. 55½ 6. 8¼pcLn. 08‡

I—J—K

L—M

Macania (London) (10p) 24Φ

Macarthys Pharmaceuticals (20p) 142 40

McKechnie Bros. 10pcLn. 90½Φ 100½

McLean (John) Sons (20p) 65Φ

Macowards (20p) 37 8 9

Macpherson (Donald) Grp. (25p) 30 8 7

Macready's Metal (25p) 64Φ 3 2 5 60

Madame Tussaud's (5d) 24 3

Magnet Joinery (35p) 377 8

Maidenhead Industrial Invests. (5p) 10½Φ

N—O—P

Q—R—S

T—U—V

W—Y—Z

ELEC. LIGHTING & POWER

FINANCIAL TRUSTS, ETC.

GAS (19)

INSURANCE (342)

INVESTMENT TRUSTS

# F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

| EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses after sectional names show number of stocks.) | Tuesday, Oct. 19, 1971 Index No. | Day's Change % | With 40% Corporation Tax: Est. Earnings yield % | Est. Price/Earnings Ratio | Div. yield % | Mon. Oct. 18 Index No. | Friday Oct. 15 Index No. | Thurs. Oct. 14 Index No. | Wed. Oct. 13 Index No. | Year ago (approx) Index No. | 1971 High | 1971 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CAPITAL GOODS GROUP (184) | 158.90 | +0.3 | 5.91 | 15.93 | 3.74 | 159.39 | 159.28 | 159.94 | 158.69 | 128.81 | 182.00 (14/9) | 103.03 (2/3) | 181.50 (19/9/68) | 92.82 (26/5/66) |
| Aircraft and Components (3) | 115.70 | +3.3 | 7.11 | 14.07 | 6.39 | 111.98 | 111.21 | 112.33 | 111.93 | 110.11 | 124.11 (7/9) | 66.40 (3/3) | 280.19 (23/9/68) | 66.40 (3/3/71) |
| Building Materials (29) | 166.41 | — | 4.75 | 91.06 | 6.38 | 166.47 | 166.74 | 197.33 | 166.68 | 107.50 | 197.33 (14/10) | 98.30 (2/3) | 197.98 (20/9/68) | 85.01 (25/6/62) |
| Contracting and Construction (20) | 275.11 | —0.6 | 5.08 | 18.69 | 2.24 | 275.45 | 277.50 | 278.08 | 274.40 | 195.56 | 278.08 (4/10) | 132.53 (26/3) | 278.08 (4/10/71) | 84.30 (27/6/62) |
| Electrls. (ex. Electrn. Rad. & TV) (13) | 279.19 | +0.3 | 5.07 | 19.73 | 2.97 | 278.31 | 278.65 | 281.66 | 283.22 | 224.08 | 285.23 (10/9) | 174.32 (12/3) | 335.11 (17/9/68) | 84.71 (25/6/62) |
| Engineering (79) | 142.09 | +0.5 | 6.72 | 14.86 | 4.41 | 141.41 | 140.77 | 140.99 | 140.79 | 125.33 | 149.28 (28/7) | 102.56 (2/3) | 160.85 (19/9/68) | 82.90 (25/6/62) |
| Machine Tools (15) | 64.68 | +0.1 | 7.48 | 13.36 | 6.20 | 64.55 | 64.46 | 64.83 | 64.85 | 68.79 | 68.30 (13/8) | 43.86 (5/5) | 136.70 (4/7/68) | 43.85 (6/3/71) |
| Miscellaneous (25) | 136.21 | +0.5 | 7.51 | 13.31 | 4.28 | 134.39 | 134.45 | 136.09 | 134.69 | 119.64 | 136.20 (14/9) | 94.19 (2/3) | 144.27 (3/1/69) | 82.01 (8/11/65) |
| CONSUMER GOODS (DURABLE) GROUP (56) | 182.22 | +0.1 | 4.19 | 23.88 | 2.86 | 182.06 | 180.97 | 161.99 | 182.48 | 140.63 | 185.09 (23/9) | 117.33 (2/3) | 197.67 (15/1/69) | 79.16 (25/6/62) |
| Electronics, Radio and TV (14) | 190.03 | —0.3 | 3.89 | 25.72 | 2.30 | 190.56 | 188.92 | 190.83 | 192.10 | 158.03 | 192.14 (23/9) | 128.61 (2/3) | 199.86 (19/9/68) | 71.10 (8/1/69) |
| Household Goods (15) | 206.29 | —0.1 | 5.66 | 17.97 | 3.23 | 207.00 | 207.22 | 207.08 | 204.40 | 136.21 | 207.22 (15/10) | 115.92 (8/3) | 207.22 (15/10/71) | 86.85 (26/6/62) |
| Motors and Distributors (27) | 125.58 | +1.5 | 4.10 | 24.36 | 3.42 | 124.86 | 124.24 | 124.01 | 124.76 | 94.56 | 125.58 (19/10) | 78.91 (2/2) | 170.32 (15/1/69) | 75.92 (24/10/62) |
| CONSUMER GOODS (NON-DURABLE) GROUP (175) | 165.02 | +0.3 | 5.47 | 18.29 | 3.69 | 164.57 | 165.62 | 166.95 | 167.28 | 124.96 | 172.37 (14/9) | 118.17 (3/4) | 172.37 (14/9/71) | 83.71 (8/11/66) |
| Breweries (21) | 183.00 | —0.4 | 5.49 | 18.21 | 3.59 | 183.74 | 187.31 | 190.87 | 190.78 | 130.98 | 205.23 (14/9) | 125.30 (4/1) | 205.23 (14/9/71) | 80.39 (30/8/66) |
| Wines and Spirits (7) | 126.08 | +0.9 | 6.28 | 15.92 | 4.22 | 164.64 | 164.96 | 168.57 | 168.40 | 141.80 | 196.05 (14/7) | 142.41 (4/1) | 196.05 (14/7/71) | 118.72 (15/6/70) |
| Entertainment and Catering (15) | 241.53 | +9.0 | 5.34 | 18.72 | 2.97 | 235.57 | 228.05 | 228.05 | 229.34 | 181.40 | 241.53 (19/10) | 177.99 (2/3) | 241.56 (19/10/71) | 80.11 (23/7/62) |
| Food Manufacturing (24) | 146.55 | +0.1 | 5.45 | 18.34 | 3.70 | 146.45 | 146.73 | 147.55 | 147.23 | 112.29 | 149.89 (14/9) | 99.74 (2/3) | 171.54 (31/1/69) | 35.98 (15/6/70) |
| Food Retailing (17) | 155.69 | +0.7 | 8.12 | 19.53 | 5.24 | 155.78 | 155.23 | 155.38 | 155.64 | 106.87 | 160.89 (23/9) | 100.23 (2/3) | 183.68 (7/8/62) | 94.62 (27/6/70) |
| Newspapers and Publishing (15) | 154.23 | +0.4 | 8.62 | 17.78 | 4.56 | 153.57 | 153.75 | 164.37 | 154.30 | 112.98 | 156.23 (8/10) | 101.56 (13/1) | 184.86 (28/1/69) | 81.74 (23/7/62) |
| Packaging and Paper (16) | 114.77 | +0.8 | 8.72 | 14.57 | 4.53 | 114.14 | 114.43 | 114.62 | 114.05 | 109.82 | 125.27 (2/6) | 88.91 (2/3) | 134.65 (2/1/69) | 87.91 (25/6/62) |
| Stores (30) | 156.85 | +0.1 | 4.88 | 22.99 | 5.09 | 156.75 | 158.94 | 159.70 | 160.39 | 109.11 | 164.88 (24/6) | 104.48 (2/3) | 164.88 (24/9/71) | 72.74 (6/11/66) |
| Textiles (21) | 174.97 | +0.2 | 6.02 | 16.61 | 5.06 | 174.57 | 174.82 | 175.80 | 176.69 | 150.67 | 123.27 (7/9) | 157.81 (2/3) | 253.72 (17/9/68) | 89.90 (20/7/62) |
| Tobacco (8) | 220.39 | —0.4 | 9.91 | 10.09 | 5.99 | 221.17 | 224.31 | 226.54 | 229.38 | 195.40 | 254.47 (27/7) | 170.92 (20/1) | 305.02 (30/1/69) | 94.34 (13/6/62) |
| Toys and Games (6) | 91.88 | +4.1 | 0.77 | 130.08 | 2.88 | 49.84 | 48.97 | 48.68 | 48.91 | 56.90 | 69.03 (12/1) | 44.90 (9/9) | 135.78 (16/1/70) | 44.90 (9/9/71) |
| OTHER GROUPS | | | | | | | | | | | | | | |
| Chemicals (19) | 186.08 | +1.2 | 5.59 | 18.76 | 3.53 | 183.77 | 184.73 | 186.38 | 188.02 | 150.06 | 200.29 (7/9) | 138.16 (10/2) | 201.99 (31/1/69) | 83.29 (25/6/62) |
| Office Equipment (10) | 178.77 | +0.5 | 3.70 | 27.00 | 1.66 | 177.89 | 177.92 | 177.91 | 179.19 | 150.17 | 912.06 (16/7) | 153.52 (15/2) | 912.05 (16/7/71) | 109.12 (28/6/70) |
| Shipping (10) | 324.87 | —0.7 | 5.19 | 19.21 | 5.09 | 326.79 | 396.94 | 326.21 | 324.68 | 334.28 | 332.60 (7/6) | 259.79 (16/4) | 388.44 (9/10/70) | 90.80 (29/6/62) |
| Miscellaneous (unclassified) (44) | 197.62 | +0.0 | 6.43 | 16.42 | 3.61 | 196.72 | 196.21 | 196.68 | 196.39 | 138.40 | 197.62 (19/10) | 128.55 (2/3) | 197.22 (19/10/71) | 72.62 (8/11/66) |
| INDUSTRIAL GROUP (498 SHARES) | 171.37 | +0.4 | 6.41 | 18.48 | 3.55 | 170.71 | 171.13 | 172.20 | 172.44 | — | 176.61 (14/9) | 120.61 (2/3) | 176.61 (14/9/71) | 120.81 (2/3/71) |
| Oil (2) | 337.86 | —0.2 | 5.84 | 17.14 | 3.75 | 337.91 | 336.27 | 336.40 | 341.07 | 299.60 | 385.50 (27/7) | 320.74 (2/3) | 431.65 (29/5/69) | 87.23 (29/5/62) |
| 500 SHARE INDEX | 185.61 | +0.6 | 6.48 | 18.26 | 3.67 | 184.95 | 185.29 | 186.21 | 186.82 | 147.33 | 190.63 (18/9) | 132.46 (2/3) | 193.73 (31/1/69) | 84.98 (26/6/62) |
| FINANCIAL GROUP (121) | 173.08 | —0.1 | — | — | 2.91 | 173.34 | 174.39 | 176.11 | 176.70 | 121.43 | 178.49 (24/9) | 119.73 (10/2) | 178.49 (24/9/71) | 69.38 (30/8/66) |
| Banks (6) | 172.36 | —0.9 | 8.00 | 12.49 | 2.95 | 173.98 | 174.41 | 177.00 | 179.69 | 106.76 | 189.94 (27/7) | 101.65 (6/1) | 189.94 (27/7/71) | 69.26 (16/6/64) |
| Discount Houses (6) | 201.85 | +0.1 | — | — | 3.95 | 201.41 | 201.05 | 201.96 | 200.99 | 122.66 | 201.96 (14/10) | 130.72 (16/1) | 201.96 (14/10/71) | 27.65 (18/6/69) |
| Hire Purchase (6) | 293.78 | +0.1 | 4.33 | 23.09 | 2.57 | 293.47 | 293.77 | 293.71 | 290.36 | 190.05 | 306.24 (8/9) | 188.57 (18/1) | 306.24 (8/9/71) | 20.02 (3/2/65) |
| Insurance (Life) (9) | 161.40 | —1.1 | — | — | 6.01 | 153.05 | 156.80 | 167.93 | 159.23 | 125.64 | 170.47 (20/9) | 193.16 (18/1) | 170.47 (20/9/71) | 81.35 (30/8/66) |
| Insurance (Composite) (9) | 138.23 | +0.7 | — | — | 3.20 | 137.24 | 138.03 | 139.88 | 140.16 | 89.27 | 140.27 (25/9) | 89.80 (10/2) | 174.97 (23/9/71) | 54.40 (16/3/65) |
| Insurance (Brokers) (11) | 173.52 | —0.3 | 5.05 | 19.27 | 2.64 | 174.04 | 175.51 | 177.26 | 178.89 | 113.24 | 197.56 (27/9) | 112.97 (4/1) | 187.56 (27/9/71) | 82.59 (24/7/69) |
| Investment Trusts (20) | 189.40 | +0.1 | 3.00 | 33.28 | 2.80 | 189.27 | 190.81 | 192.60 | 192.89 | 163.39 | 202.33 (8/9) | 152.16 (2/3) | 215.04 (31/1/69) | 80.84 (26/6/62) |
| Merchant Banks, Issuing Houses (14) | 178.78 | —0.9 | — | — | 2.18 | 180.40 | 181.25 | 182.87 | 183.28 | 133.59 | 197.24 (24/9) | 108.44 (16/3) | 187.24 (24/9/71) | 50.47 (15/7/65) |
| Property (31) | 223.74 | +0.3 | 2.73 | 36.69 | 2.21 | 223.14 | 223.43 | 224.59 | 224.30 | 156.98 | 226.78 (25/8) | 132.37 (3/3) | 226.72 (25/8/71) | 56.01 (20/4/65) |
| Miscellaneous (9) | 193.75 | +1.5 | 5.31 | 18.82 | 3.87 | 190.98 | 190.59 | 191.13 | 189.68 | — | 193.73 (19/10) | 120.73 (4/1) | 193.73 (19/10/71) | 120.06 (31/12/70) |
| ALL-SHARE INDEX (621 SHARES) | 182.39 | +0.2 | — | — | 3.39 | 181.96 | 182.49 | 183.59 | 184.20 | 140.84 | 187.32 (8/9) | 129.47 (2/3) | 187.32 (8/9/71) | 83.72 (26/6/62) |
| COMMODITY SHARE GROUPS (Not included in the 500 or All-Share indices) | | | | | | | | | | | | | | |
| Rubbers (10) | 253.57 | —1.4 | 9.35 | 10.70 | 7.18 | 257.29 | 257.10 | 257.50 | 257.02 | 145.39 | 257.50 (14/10) | 163.92 (7/4) | 257.50 (14/10/71) | 84.68 (25/8/65) |
| Teas (10) | 99.83 | — | 16.74 | 5.97 | 8.97 | 99.83 | 99.52 | 99.33 | 98.91 | 78.76 | 99.83 (18/10) | 78.71 (5/5) | 114.64 (14/5/64) | 59.96 (14/11/66) |
| Coppers (4) | 261.30 | —0.2 | 67.94 | 1.47 | 16.91 | 261.84 | 266.99 | 268.53 | 264.91 | 259.51 | 350.50 (12/7) | 235.80 (21/1) | 350.50 (12/7/71) | 94.08 (29/4/62) |
| Mining Finance (11) | 78.52 | —2.5 | 7.21 | 13.87 | 4.22 | 80.76 | 81.90 | 81.00 | 82.62 | 126.94 | 106.79 (7/7) | 77.88 (4/10) | 175.90 (25/4/69) | 77.88 (4/10/71) |
| Tins (8) | 72.66 | +0.2 | 10.87 | 9.20 | 8.45 | 72.54 | 72.29 | 72.19 | 71.61 | 65.39 | 74.77 (20/7) | 62.11 (4/1) | 108.97 (29/6/66) | 54.83 (27/5/70) |

| FIXED INTEREST | Tuesday, Oct. 19 Index No. | Tuesday, Oct. 19 Yield % | Monday Oct. 18 | Friday Oct. 15 | Thurs. Oct. 14 | Wed. Oct. 13 | Tuesday Oct. 12 | Monday Oct. 11 | Year ago (approx) | 1971 High | 1971 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Consols 2½% yield | — | 8.57 | 8.57 | 8.49 | 8.49 | 9.49 | 8.49 | 9.48 | 8.21 | — | — | — | — |
| 20-yr. Govt. Stocks (6) | 86.04 | 17.46 | 86.36 | 86.48 | 86.47 | 86.57 | 86.29 | 86.28 | 74.68 | 86.57 (13/10) | 70.60 (4/1) | 110.42 (11/9/63) | 66.43 (15/6/70) |
| 20-yr. Red. Debentures & Loans (15) | 79.70 | 1.920 | 79.73 | 79.78 | 79.59 | 79.33 | 79.10 | 79.82 | 72.26 | 79.73 (15/10) | 08.42 (4/1) | 113.43 (23/10/63) | 66.59 (16/6/70) |
| Investment Trusts Prefs. (15) | 78.49 | 8.42 | 78.49 | 77.95 | 77.60 | 77.60 | 77.07 | 77.07 | 70.39 | 78.49 (18/10) | 66.23 (11/1) | 114.41 (13/9/63) | 66.23 (11/1/71) |
| Commercial and Industl. Prefs. (20) | 84.97 | 9.08 | 84.97 | 85.18 | 84.24 | 84.23 | 84.91 | 83.75 | 73.44 | 85.18 (15/10) | 69.02 (15/1) | 114.41 (7/10/63) | 69.02 (13/1/71) |

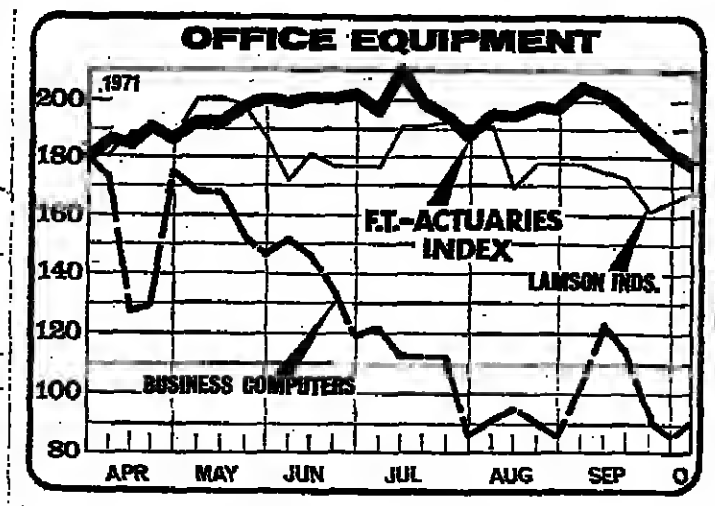
| Section or Group | Base Date | Base Value |
|---|---|---|
| Food Manufacturing | 29/12/67 | 114.13 |
| Food Retailing | 29/12/67 | 114.13 |
| Insurance Brokers | 29/12/67 | 96.67 |
| Mining Finance | 29/12/67 | 100.00 |
| Wines and Spirits | 16/1/70 | 144.76 |
| Toys and Games | 16/1/70 | 135.72 |
| Office Equipment | 16/1/70 | 162.74 |
| Industrial Group | 31/12/70 | 128.20 |
| Miscellaneous Financial | 21/12/70 | 128.06 |
| All Other | 10/4/62 | 100.00 |

‡ Redemption yield.

F.T.-Actuaries indices are calculated by Extel-Communications Limited (a member of the Exchange Telegraph Group) on an IBM 360 computer.

A current list of constituents of the F.T.-Actuaries Share Indices can be obtained from the Publisher, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post inland 16p. Commonwealth 16p. Foreign 19p.

CONSTITUENT CHANGE: Qualitex (Textiles) has been replaced by Rexmore Ltd. (Textiles).




A 16 per cent. fall from the mid-July peak in the F.T.-Actuaries Office Equipment share index reflects to a large extent a decline in the price of Rank Organisation following a set of disappointing interim figures and, more lately, an adverse American broker's circular. The recent interim results from Gestetner were promising although Business Computers shows no sign of recovering from the chairman's gloomy statement at the AGM in May.

*These charts show the pattern of an F.T.-Actuaries index and of prices of two constituents converted to index numbers at weekly intervals over about six months, starting from the same base.*

## ACTIVE STOCKS

Prices in pence except where otherwise indicated.

| Stock | Denomination | No. of marks | Closing price | Change on day | 1971 high | 1971 low |
|---|---|---|---|---|---|---|
| Trust Hses Forte | 25p | 42 | 178 | +23 | 178 | 116 |
| Imp. Chem. Inds. | £1 | 14 | 304 | — 4 | 335 | 230 |
| Lonrho | 25p | 14 | 59 | — 5 | 113 | 48 |
| Alliance Property | 25p | 13 | 119 | — 5½ | 124½ | 63½ |
| Hill (Wm.) | 10p | 13 | 111 | + 7 | 111 | 49½ |
| Marks & Spencer | 25p | 13 | 287 | — | 331 | 194½ |
| Brit. Petrolm. New | Nil pd. | 11 | *108 | — 4 | *128 | *108 |
| De Beers Defd. | R0.05 | 11 | 183 | — 4 | 258 | 173 |
| Glaxo | 50p | 11 | 404 | +17 | 445 | 284 |
| Brit.-Am. Tobacco | 25p | 10 | 314 | — 2 | 391 | 265 |
| Crouch (D.) New | 20p | 10 | 88 | — | 88 | 85 |
| Hanson Trust | 25p | 10 | 170½ | + 6½ | 170½ | 93½ |
| Hawker Siddeley | £1 | 10 | 222 | + 8 | 240 | 123 |
| Laporte | 50p | 10 | 90 | + 7 | 148 | 82 |
| Pricerite | 10p | 9 | 55 | + 8 | 60 | 34 |

* Premium

*The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1)(e) and reproduced to-day in Stock Exchange dealings.*

## NEW "HIGHS" AND "LOWS" FOR 1971

The following securities (number in parentheses) among those quoted in London Closing Prices yesterday attained new "highs" and "lows" for 1971:—

### NEW "HIGHS" (125)

BRITISH FUNDS (2)
Excheq. 6¼pc 1975 Treas. 3½pc 77-00

(INTERNATIONAL BANK (1)
5pc Stk. 77-82

COMMONWEALTH AND AFRICA LOAN (1)
H. Rhod. 6pc 78-81

PUBLIC BOARD AND OTHER LOANS (1)
APC 5¼pcDb. 84-09

AMERICANS (1)
First Natl. City Cpn.

BANKS (6)
Allen Harvey, Dalton Barton, Cater Ryder, OFT Hldgs., Clive Hldgs., Union Discount

BEERS (1)
Wlms. and Humbert

BUILDINGS (18)
Aberdeen Con., Kelzer Venesta, APB Inds., Limmer Hldgs., Blundell Perm., Mowlem, Galliford Est., Truscon, Heywood Williams, Wilson Conolly

CHEMICALS (1)
Enalon Plastics

DRAPERY AND STORES (2)
Abern Services, House of Fraser, Collett (J.), Vantona

ELECTRICALS (7)
Aerialite, MEM, Chloride Elec., Telefusion, Crossland, Ward and Gold, Dallas (J. E.)

ENGINEERING (15)
Adwest Grp., Lake and Elliot, Amari, Midland Aluminium, Brockhouse, Newman Tonks, Concentric, Paul (W. H.), Ductile Steels, RCF Hldgs., Osport, Ratcliffe Inds., Edbro, Roberts (Ch.), Ellis (Ken.)

FOODS (6)
Clifford Dairies 'A' N.-vtg., Oriel Foods, Fitch Lovell, Peek Winch Tod, Matthews Hldgs., Rowntree

HOTELS (3)
Carzon House, Trust House Forte, Ladbroke

INDUSTRIALS (27)
AGB Research, Hestair, Allied Polymer, Hill (W.) Orgn., Arbiter and Weston, Incledon & Lamberts, Brooks Ventilation, Radiant Metal, Cons. Comml., Rosedale Inds., Coral (J.) Hldgs., Rycroft, Courtney Pope, Staflex, Dyson (J. & J.) 'A', Stonehill Hldgs., Feedex, 7ime Prods., Finlay (Jas.), Utd. Gas Inds., Flavel, Venesta, Gomme Hldgs., Windsors, Hanson Tst., Zetters Pools, Hay's Wharf

MOTORS (18)
Lotus Car, Automotive Prods., Reliant Motor, ARV (Hldgs.), Plaxtons, Brit. Car Auctions, Airflow Streamline, Hollingdrake, Armstrong Equipt., Pride and Clarke

NEWSPAPERS (2)
Marshall Morgan, Utd. News.

PAPER AND PRINTING (3)
Alliance Alder, Universal Printers, Stowe Bowden

PROPERTY (7)
Argyle Secs., Oddenino's, Charlwood, Peachey, Dorrington, Trafalgar House, London City Westcliff

SHIPBUILDERS (1)
Bailey

SHOES (1)
Farmer (J.)

TEXTILES (6)
Denby (William), Universal Underwear, Emp Wool, Illingworth, Ingram, Do. 'A'

TRUSTS (6)
Deb. Secs., Anglo Continental, Triumph Inv., Knlton Inv., U.K. Overseas, Sterling Guar.

UTILITIES (1)
A.A. Trans 1stDb.

RUBBERS (1)
Sogomana

MINES (1)
Bihrn. Malayan

### NEW "LOWS" (17)

AMERICANS (1)
CPC

CANADIANS (2)
Hollinger, Intnl. Nickel

MOTORS (1)
Crane Fruehauf

SOUTH AFRICANS (1)
Greatermans

MINES (12)
Daggafontein, Joburg. Cons., Kloof Gold, Middle Wits., Vaal Reefs, Sentrust, Harmony, Anglo American Inv., Anglo-American, Coronation, Anglo-Vaal, New Broken Hill

# New credit controls policy questioned

BY MICHAEL BLANDEN

CRITICISM of the new policy of credit control introduced last month was voiced last night by Mr. Brian Griffiths, of the London School of Economics.

Mr. Griffiths, author of the paper Competition in Banking, which advocated completely free competition in banking towards the end of last year, found "disturbing features" in the new system.

## 'Bold attempt'

Speaking at the Institute of Bankers, Mr. Griffiths welcomed the Government's initiative as "a bold attempt to create price competition among the clearing banks and discount houses." But he argued that some aspects of the new policy were open to question.

He argued that there was no economic basis for applying the new reserve ratios, which provide the basis for official control over bank lending, to the finance houses and the discount market. Nor, he said, was there any economic reason why all the banks should observe the same ratio.

Mr. Griffiths questioned whether the changes were enough to ensure full competition in banking. With only four big clearing banks, he suggested, the explicit agreements among them of the past might be replaced by a "tacit cartel."

The only way to ensure a competitive banking industry, he argued, was to provide complete freedom of entry for new banks and a complete removal of restrictions on the activities of institutions such as the trustee savings banks, the Giro, the banks and other financial groups.

Finally, he suggested, it was doubtful whether, given the definition adopted of reserve assets, the Bank of England would be able to control the deposits at banks, finance houses and discount houses. Monetary control could be achieved, he argued, much more easily if the Bank set out to control the cash base and imposed a cash reserve requirement on current accounts only.

## SE MEMBERS OPEN BRANCH IN GRAND CAYMAN

Hoblyn Dix Maurice and Anderson, members of the London Stock Exchange, to-day open a branch office in Grand Cayman, British West Indies. The address is Hoblyn (Cayman), P.O. Box 275, Georgetown, Grand Cayman, B.W.I.

Mr. Maurice O. Norton, a partner in Hoblyn Dix Maurice and Anderson, is the first resident director. He will be succeeded in the New Year by Mr. Russell S. B. Cassidy, to whom all U.K. inquiries should be addressed initially, at Hoblyn Dix Maurice and Anderson, the Stock Exchange, London.

# Coalite output boost

COALITE production will reach a rate of more than 2m. tons a year for the first time next spring following completion of the £25m. expansion programme.

Mr. Francis Waring, chairman of Coalite and Chemical Products, told coal merchants in London yesterday that £5m. spent in the year up to last April on expansion at the Grimethorpe (near Doncaster) plant—biggest of its kind in the world—had boosted production there to 740,000 tons a year.

The company's fourth carbonisation plant, being built at a cost of £9m. at Rossington, also in the South Yorkshire coalfield, was now nearing completion. The first four batteries would be commissioned by the middle of next month—ten will be at work before Christmas—and by next spring the plant would be fully operational and turning out solid smokeless fuel at an annual rate of 416,000 tons.

## NEW COAL FACE AT BEVERCOTES

The National Coal Board announced yesterday that production had started on a second coal face at the £18m. Bevercotes colliery in Nottinghamshire, which was out of action for over two years because of geological difficulties.

By the end of the year the NCB expects the two faces to be producing up to 20,000 tons of coal each week.

# Option Report and three-month "Call" rates

| OPTION DEALING DATES: First Deal-ings | Last Deal-ings | Last Declara-tion | For Settle-ment |
|---|---|---|---|
| Oct. 12 | Oct. 25 | Jan. 13 | Jan. 25 |
| Oct. 26 | Nov. 8 | Jan. 27 | Feb. 8 |
| Nov. 9 | Nov. 22 | Feb. 10 | Feb. 22 |

Dealers reported moderate activity in Options. Stocks dealt in for the "call" included British Leyland, Staveley Industries, Neepsend Steel, Slater Walker Warrants, Trust Houses Forte, Hanson Trust, ICI, Swan Hunter, "Gussies" "A," Tremletts, J. E. Eastwood, Marley, Sidney Flavel, British Oxygen, Booker McConnell, Ralli International, House of Fraser and Middle Witwatersrand.

"Puts" were arranged in Nova (Jersey) Knit, Trust Houses Forte, RFD Group and Scottish and Universal Investments, while double options were done in Tesco and Tower Assets.

Prices in pence unless otherwise stated.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Industrials | | G.U.S. "A" | 22 | Reed Intl. | 22 | Mines | |
| | | Guardian | 14 | Slater Walker | 20 | Anglo Amer. | 30 |
| A.P.Cement | 18 | Guest Keen | 20 | Tesco | 5 | Broken Hill Prop | 82 |
| Barclays Bank | 30 | Hawker Sidd. | 20 | Thorn 'A' | 25 | Charter Cons. | 22 |
| Beecham | 19 | Hay's Wharf | 20 | Tube Inv. | 25 | Charterhall Fin. | 4 |
| Boots Drug | 11 | House of Fraser | 17 | Unilever | 20 | Cons. Gold | 25 |
| Bowaters | 15 | I.C.I. | 17 | Utd. Drapery | 15 | De Beers Def. | 13 |
| B.A.T. | 90 | "Imps" | 8 | Vickers | 7 | F. S. Geduld | 52 |
| British Leyland | 3 | I.C.L. | 20 | Woolworth | 6 | Great Boulder | 20 |
| British Oxygen | 8 | Int. Stores | 7 | | | Hampton Areas | 15 |
| Burton "A" | 13 | Inveresk Paper | 6 | Property | | Hampton Props | 9 |
| Butlin's | 3 | Jessel Secs. | 25 | Cap Counties | 9 | Kloof | 20 |
| Cadbury's | 7 | Legal & General | 22 | Land Securities | 12 | Lonrho | 10 |
| Cannon St. | 0 | Lloyds Bank | 30 | Peachey | 9 | Loraine | 3 |
| Courtaulds | 10 | "Lofs" | 0 | Star (Gt. Brit.) | 20 | Metals Explor. | 28 |
| Debenhams | 14 | "Mams" | 14 | Town & City | 12 | Newmetal | 2 |
| Distillers | 11 | Marks & Spenc'r | 18 | Town & Comm. | 14 | Poseidon | £2 |
| Dunlop | 13 | Metal Box | 22 | | | Pres. Steyn | 20 |
| EMI | 12 | Midland Bank | 30 | Oils | | Rio-T. Zinc | 15 |
| Fisons | 19 | Natl West Bank | 30 | Brit. Petroleum | 62 | Welkom | 12 |
| D.R.A. Trust | 12 | P. & O. Defd. | 15 | Burmah Oil | 81 | West Areas | 2 |
| Gen. Accident | 12 | Plessey | 10 | Oil Search | 4 | Western M'ng. | 19 |
| Gen. Electric | 9 | Ralli Intl. | 11 | Shell | 92 | Zambia Copper | 7 |
| Glaxo | 30 | Rank Org. "A" | 62 | Ultramar | 24 | | |

## REGIONAL MARKETS

Prices in pence and denominations of 25p unless otherwise stated

BELFAST

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| B'fast Co 6½% 1975 | £96 | ...... | Craig Ship £1 | 285 | ...... | Heaton Wm 10p | 3 |
| B'fast Rope £1 | 75 | ...... | Hal'm'Sl'gh 10p | 10½ | ...... | Higsons Brew. | 127 —½ |
| Hughes (B) £1 | 150 | ...... | Hill (Chas) £ | 160 | ...... | Hindson Rd 20p | 78 +5 |
| Vulcanite | 107 | ...... | Kleen-e-ze | 44½ | ...... | Holt, Joseph £1 | 500 |
| | | | Lovell's Ship £1 | 60 | —5 | Ingham (G) 10p | 10½ |
| | | | Lye Tr'ding 10p | 22½ | ...... | I.O.M. Stm. £1 | 128 |
| | | | Pearce C.H. | 52½ | ...... | Keston Cem. £1 | 405 |

[illegible]

IRISH EXCHANGE — [illegible]

NORTHERN EXCHANGE — [illegible]

MIDLANDS & WESTERN — [illegible]

SCOTTISH EXCHANGE — [illegible]

Inv. Financr 170. 6pcCnv. 8 ½ (25p) 1190 17½ 18. 5½pcDb.

Issues Cap. (25p) 32½
Gen. Dfd. (25p) 256⊕
(Fl.50) 55½ 2¼. Sub-shs. (Nelns.) 27 5; 8 8
Sub-shs. (Nat. Prov. Bk.) (Fl.5)

7st. (25p) 86⊕ ½. 4¼pcLn. 98
Thistle 7st. (25p) 77⊕
and Cap.shs. (25p) 181⊕
4550 60 58 9 5. 8¾pcLn.

[illegible]

Lloyd (F. H.) Hldgs. (25p) 64 3
Neepsend (25p) 133 2½
Nth. British Gp. (25p) 10
North British Stl. (25p) 18
Richardsons Westgarth (50p) 34½ 5½
Swan Hunter Gp. 43½⊕ 2 3½ 3 2½
Ward (Thos. W.) 381 4 2
Whessoe (25p) 62½⊕ 20 3½ 4½
Woodhouse Rixon (Hldgs.) (12½p) 38⊕

MINES

Australian (46)

[illegible]

Miscellaneous (233)

[illegible]

Rhod. & E. African (44)

[illegible]

South African (355)

[illegible]

UNIT TRUSTS (10)

[illegible]

COAL & STEEL (120)

[illegible]

Luipaards Vlei Estate (18p) 28½
Marriesprult (O.F.S.) (R0.50) 7
Messina (Transvaal) Devpt. (R0.50) 2170 15; 18
Middle Wits. (Western Areas) (R0.25) 142
New Witwatersrand (R0.50) 82
Orange Free State Inv. 7st. (R1) 480⊕ 75 85
Potgietersrust Platinums (R0.82½) 88
President Brand (R0.50) 404⊕ 2; 5 2
President Steyn (R0.50) 215⊕ 8 8
Rand Mines Hldgs. (R0.50) 47; 8
Rand Mines Prop. (R1) 125
Rand Selection Corpn. (R0.50) 450⊕ 60

[illegible]

West African (15)

[illegible]

Diamond (64)

[illegible]

OIL (1,313)

[illegible]

PROPERTY (576)

Amalg. Securities (25p) 108½
Aquis Securities (5p) 21 19¾ 20¼
Argyle Securities (25p) 118½ 20 10 20½ 1 18½
Arndale Prop. Tst. 7¼pcLn. 2750
Assoc. Develop. Hldgs. (25p) 81⊕ 79½ 81 88½
Berkeley Property Invest. (25p) 137½
British Land (25p) 121⊕ 3;0 20½ 1 2 20 19½ 21½. Wrrts. Sub. 64⊕. 9½pc Ln. 100 ¼
Brixton Estate (25p) 117 ½
Calgary Edmonton Land (7½p) 9½ ¼
Capital Counties Property (25p) 92⊕ ½ 4.

[illegible]

RUBBER (89)

Highlands Lowlands Para (10p) 42⊕ 1½
Inch Kenneth Kajang (10p) 13
Kuala Lumpur Kepong (10p) 27½ 8
Kulim (18p) 27¼ 8. 18¼pcLn. 118½⊕
Kpruneala (7½p) 10½⊕
Laras (Sumatra) Rubber (18p) ½
London Asiatic Rubber (10p) 48¼⊕
London Sumatra Plants. (18p) 18½⊕ 18 18½ 1;5
Mabira (25p) 0
Malakoff Rubber New ¼ ½ 1
Malayalam Plants. (10p) 18¼
Merlimau Pegoh (18p) 21¼
Parambe Rubber Ceylon (10p) 46⊕ 7⊕
Patalling Rubber (10p) 45⊕ 4¼
Plantation Hldgs. 11pcLn. 124

[illegible]

SHIPPING (82)

[illegible]

TEA & COFFEE (35)

[illegible]

WATERWORKS (39)

[illegible]

Bell Telephone Co. of Canada £21⁵⁄₁₆
Barymin Expln. 47
Bethlehem Steel £12¹⁵⁄₁₆⊕
Bougainville (t.p.) 104⊕
Belgian 4pc 1921 425
Bridge Oil 12¼ 15¼. On. (5 cents) 7¼
Brambles Industries 88
British Newfoundland 245
Cabot 9¼pc 1980 $US185⅝⊕ ¼⊕
Colonial Sugar Refinery 205⊕ 8
Conzinc Riotinto 270⊕
Crusader Oil 40 ⅛
Chieftain Dev. 445
Custom Credit Corpn. 74
Cnsd. Gold Fields of Australia 245
Coles (G. J.) 40½ 39

[illegible]

Thomas Nationwide Transport 81½⊕ 79.
1974 Options 58
Tooth and Co. 232⊕
Tarda Ex. 634⊕
Timor Oil 13
7n Continental £13½
United Canso Oil Gas Warrants 47
Westfield Minerals 81⊕
Whim Creek 171½⊕ (⊕ 67⊕ 70 66 72 88 76 3 7 5 67
Woodside Oil 41⊕ 40⊕ 4. New Assented 28
Wasamer 9⊕ 0
Wheelock Marden 158
Western Titanium 142 3
Winstone N.Z. 48

(By permission of the Stock Exchange Council)

SPECIAL LIST

OCTOBER 19 (3)

[illegible]

RULE 163 (1) (e)

[illegible]

OCTOBER 19

[illegible]

CORAL INDEX
Close 413-418

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 2 | 35 | 12 |
| Corps. Dom. and Foreign Bonds | 11 | 12 | 110 |
| Industrials | 371 | 293 | 1,059 |
| Fin. and Prop. | 93 | 136 | 313 |
| Oils | 5 | 8 | 17 |
| Plantations | 4 | 10 | 74 |
| Mines | 6 | 49 | 124 |
| Recent Issues | 11 | 24 | 89 |
| Totals | 503 | 567 | 1,800 |

## SHARE INFORMATION SERVICE: NOTES

[illegible]

# F.T. SHARE INFORMATION SERVICE

## BRITISH FUNDS

| 1971 High | Low | Stock | Closing Price £ | + or − | Gr'ss Y'ld Interest £ | Redemption £ |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| [illegible] | [illegible] | Conv. 6pc 1972 | [illegible] | ...... | 6.97 | 4.69 |
| [illegible] | [illegible] | Gas 4pc 68-72 | 22⅛ | ...... | 4.03 | 4.77 |
| [illegible] | [illegible] | Exchequer 6½pc 1972 | 101 | ...... | 6.17 | 4.72 |
| [illegible] | [illegible] | Exchequer 6¾pc 1973 | 102 | + | 6.60 | 4.84 |
| [illegible] | [illegible] | Electric 3pc '68-73 | 27⅝ | ...... | 3.08 | 4.89 |
| [illegible] | [illegible] | Transport 3pc '68-73 | 97⅝ | ...... | 3.08 | 4.89 |
| [illegible] | [illegible] | Treas. 6½% 1973 | 99 | − | 3.25 | 6.29 |
| 99 | [illegible] | Conv. 5½pc 1974 | 28 | −⅛ | 5.31 | 6.72 |
| [illegible] | [illegible] | Treas. 6⅝% 1974 | 99 | ...... | 8.53 | 5.71 |
| [illegible] | [illegible] | Treasury 6¾pc 1974 | 102 | − | 6.57 | 6.79 |
| [illegible] | 84 | Savings 3pc '65-75 | 92 | − | 3.24 | 5.24 |
| [illegible] | [illegible] | Treasury 6pc 1975 | 99 | − | 6.00 | 6.09 |
| [illegible] | [illegible] | Exch. 6¼pc 1976 | 101 | − | 6.42 | 6.23 |
| [illegible] | [illegible] | Treasury 6½pc 1976 | 101 | − | 6.42 | 6.24 |
| 100 | [illegible] | Victory 4pc 1976 | 97¼ | ...... | 4.11 | 6.25 |
| | | **Five to Fifteen Years** | | | | |
| [illegible] | 87¼ | Funding 4pc '60-90 | 97⅛ xd | ...... | 4.09 | 6.01 |
| 101 | 95 | Treas. 6⅝% 1977 | 100¾ | −¼ | 6.34 | 6.21 |
| 91 | [illegible] | Electric 3pc 1974-77 | 90¼ | −¼ | 3.31 | 5.04 |
| [illegible] | [illegible] | Transport 4pc '72-77 | 81½ | −¼ | 4.48 | 5.97 |
| [illegible] | [illegible] | Exchequer 5pc '76-78 | 93⅛ | −⅛ | 5.39 | 6.89 |
| [illegible] | [illegible] | Electric 4½pc '74-79 | 88⅞ | −⅛ | 4.80 | 6.08 |
| [illegible] | [illegible] | Do. 3½pc '76-79 | 84xd | −¼ | 4.16 | 6.26 |
| [illegible] | [illegible] | Treasury 3½pc '77-80 | 84⅞ | +⅛ | 4.20 | 5.89 |
| [illegible] | [illegible] | Funding 3½pc '78-80 | 63½ | −⅛ | 5.73 | 6.58 |
| [illegible] | [illegible] | Treasury 3½pc '79-81 | 82¼ | −⅛ | 4.29 | 5.11 |
| [illegible] | [illegible] | Do. 8½pc '80-82 | 107 | −¼ | 2.11 | 7.70 |
| [illegible] | 71 | Funding 6½pc '82-84 | 29½ | −¼ | 6.85 | 6.96 |
| [illegible] | [illegible] | Treasury 8½pc '84-86 | 105⅛ | −¼ | 8.87 | 8.14 |
| | | **Over Fifteen Years** | | | | |
| [illegible] | 76 | Funding 6½pc '85-87 | 97⅞ xd | −⅛ | 7.38 | 7.84 |
| [illegible] | [illegible] | Transport 3pc '78-88 | 63¼ | −¼ | 4.92 | 6.80 |
| [illegible] | [illegible] | Treasury 5pc '86-89 | 74xd | ...... | 5.76 | 7.70 |
| [illegible] | [illegible] | Treasury 2½pc 87-90 | 98 | −⅛ | 8.50 | 9.57 |
| [illegible] | [illegible] | Funding 5½pc '87-91 | 78¾ | −⅛ | 7.33 | 7.93 |
| [illegible] | [illegible] | Funding 6pc 1993 | 78¼ | −⅛ | 7.73 | 8.21 |
| [illegible] | [illegible] | Treasury 9pc 1994 | 102¾ xd | −¼ | 2.70 | 2.55 |
| [illegible] | [illegible] | Gas 3pc '90-95 | 53½ xd | −½ | 5.61 | 7.08 |
| [illegible] | [illegible] | Treas. 9pc '92-6 | 103¼ | −¼ | 8.77 | 8.79 |
| [illegible] | 41 | Redp 3pc '86-96 | 54¾ | −½ | 6.80 | 6.80 |
| [illegible] | [illegible] | Treasury 6½pc 1997 | 102 | [illegible] | 2.68 | 2.57 |
| [illegible] | | | | | | |

### Undated

[illegible]

## INTERNATIONAL BANK

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH AND AFRICAN LOANS

[illegible]

## PUBLIC BOARD AND OTHER LOANS

[illegible]

### Corporation Short-dated Bonds

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

### London U.S. Dollar and DM Issues

[illegible]

## AMERICANS

[illegible]

## CANADIANS

[illegible]

S.E. List Premium 25% (based on $2.4663 per £)

## BANKS AND HIRE PURCHASE

### †† Banks, etc.

[illegible]

### Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

## BUILDING INDUSTRY—Continued

[illegible]

## CHEMICALS, PLASTICS, ETC.

[illegible]

## CINEMAS, THEATRES AND TV

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES—Continued

[illegible]

## ELECTRICAL AND RADIO

[illegible]

## ENGINEERING AND METAL

[illegible]

## ENGINEERING AND METAL—Gen. Cont.

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## HOTELS AND CATERERS

[illegible]

## HOTELS AND CATERERS—Continued

[illegible]

## INDUSTRIALS (Miscell.)

[illegible]

"Recent Issues" and "Rights" [illegible]

INDUSTRIAL (Miscell.)—Continued

INSURANCE

PROPERTY—Continued

TEXTILES—WOOL

TRUSTS, FINANCE, LAND—Continued

TEAS—Continued

India and Pakistan (cont.)

Ceylon

MINES—CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND

PLATINUM

CENTRAL AFRICAN

AUSTRALIANS

TIN—EASTERN

TIN—NIGERIAN

COPPER

MISCELLANEOUS

| 1971 High | Low | Stock | Price | + or − | Div. | Cvr. | Y'ld |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | Burma Mines (17½p) | 65 | ..... | — | — | — |
| [illegible] | 71½ | Cent. Prov Mn(12½p) | 95 | ..... | n18 | φ | 6.2 |
| 41 | 11 | Charterhall (5p) | 12½ | ..... | — | — | — |
| [illegible] | 200 | Cons. Murch (10c) | 240 | ..... | 80c | 2.1 | [illegible] |
| £63½ | £15 | G. F. Mg. Ind. Db. | £33½ | ..... | 7½ | 38.0 | 12.5 |
| [illegible] | 245 | Northgate (C$1) | 245 | ..... | 50c | 9.2 | 8.5 |
| 240 | 124 | R.T.Z. | 202 | −6 | 24 | 1.9 | 5.6 |
| [illegible] | 31 | Sabina Inds. (C$1) | 50 | +3 | — | — | — |

For Notes, see Stock Exchange Dealings.

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

STEELS

TEXTILES—GENERAL

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

UTILITIES

OILS

RUBBERS—MALAYSIAN

RUBBERS—MISCELLANEOUS

SISAL

TEAS

India and Pakistan

MACHINE TOOLS

MOTOR, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Aircraft

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

| Stock | Price | + or − | Div. | Cvr. | Gr. Yld | P/E |
|---|---|---|---|---|---|---|
| Wilkes (J.) | 147 | ..... | 16 | 2.6 | 9.8 | 14.0 |
| Wilkes Match | 53 | −1 | 10 | 1.1 | 4.7 | 16.8 |
| Wilkinson | 46 | ..... | 13 | 1.1 | 6.5 | 14.3 |
| [illegible] | 42 | −1 | 15 | 1.1 | 7.1 | 13.1 |
| Wilkinson's | 194 | ..... | 25 | 5.6 | 5.2 | 9.8 |
| Williams (J.) | 40 | ..... | 10 | 8.6 | 6.2 | 6.2 |
| [illegible] | 56 | ..... | 11 | 8.0 | 5.3 | 9.4 |
| Windsors | 84 | +2 | 90 | 2.2 | 6.4 | 8.6 |
| Wilson Inds. | 33¼ | +½ | 8 | 2.7 | 4.8 | 7.7 |
| [illegible] | 39 | ..... | 30 | 1.6 | 7.7 | 7.9 |
| Witter Thomas | 46 | ..... | 15 | 1.0 | 8.2 | 11.7 |
| [illegible] | 341 | ..... | 27 | 2.2 | 9.8 | 17.0 |
| Wood & Sons | 9 | ..... | 10 | 2.6 | 6.6 | 7.1 |
| Yolton Fert | 7¾ | +¼ | 2 | 1.7 | 3.8 | 10.9 |
| Zetters Pacific | 25½ | +1½ | 20 | 1.9 | 3.9 | 13.6 |

[illegible] service is available to every Company dealt in [illegible] Stock Exchanges throughout the United Kingdom [illegible] fee of £50 per annum for each security.

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## THE LEX COLUMN

Index fell 0.5 to 415.2

# Taking a line through Trident

Trident TV has beaten its March—post levy cut—forecast of £1.6m. pre-tax for the year to May by £347,000; but its share price strength lately has been all to do with the current year, and an indication of that is yesterday's 4p fall to 65p. An 19 per cent. rise in second half advertising revenue is well up on an accelerating industry trend—up 11 per cent. in the six months and 14 per cent. in the final quarter: but then there is a 49 per cent. second half tax rate, partly the result of an ungroupable overseas loss.

For the current year, the case for Trident reads something like this. Volume growth should continue to rise at least through the first half, with the industry total up 17 per cent. in the first quarter, and useful rate card increases come through for Trident this month. On the costs side, Trident is reckoned to be relatively well placed with its sales staff economies, and an increasing programme of net-worked programmes to fill up spare studio capacity. Add in the net savings after 10 months of the higher ITA rental and a full year of the levy cut, and the upshot according to some projections is a prospective earnings increase upwards of two-thirds.

These are the hopes that a historic p/e of 17.4 are pinned to, even if the noises from Trident are not quite so buoyant. Granted, current thinking about the next round of contract negotiations in 1976 is tending to dilute the risk element, and there should be a string of good results from the industry over the next few months to keep everyone happy. But those arguments seem to apply just as much to smaller companies like Anglia, where the 1970-71 p/e may be under 8, or Scottish, which made £474,000 in the six months to June and is capitalised at £3.6m.

See also Page 31

### Capitol

The message that Capitol Industries has earned $76,000 in the first quarter of 1971-72 against losses of $809,000 sent EMI 6p higher to 170p last night. *The performance may* be no great shakes in itself, given that the bulk of last year's $3.1m. loss related to final quarter write-offs of one form or another, together with Capitol's substantial cost savings—like a 30 per cent. cut in its work force. The encouraging feature, however, is that sales in the first quarter—a historically weak period—topped the previous three months by 13 per cent.: that was not matched even in bumper 1969-70, and it was enough to send Capitol up $1 to $10½ yesterday.

See also Page 31

### Highland Distilleries

Highland Distilleries' 1970-71 profits are up only 3 per cent. to £1.92m. before tax from sales 35 per cent. higher at £5.3m. But the main reason for the differential was the Matthew Gloag acquisition—post acquisition profits £106,000 from turnover of £1.189m.—Gloag being a blender, rather than a distiller, and subject to duty on its U.K. sales. Otherwise, Highland seems to have done little worse than stand still (before financing costs on Gloag) on a mild sales increase; and that, considering that first half profits were around £200,000 lower on the same basis, implies a useful change for the better in the second six months.

In the first half Highland talked about a change in the sales mix, which implied more sales of low-margin, new malt fillings (under pressure from higher barley costs) and a drop in matured whisky sales. In the second half, new fillings prices were adjusted up but the profits boost probably came from matured whisky sales as the U.S. stocked up ahead of the longshoremen's strike. So prospects for 1971-72 are clouded by the possibility of a U.S. destocking movement while the hope for higher margins on new fillings—with the barley price down about a quarter from its peak—remains just that until Highland posts its new fillings prices for 1972. So 17.3 p/e at 170p owes a lot to the thought that Highlands' 35 per cent. stake in Robertson and Baxter, the Cutty Sark blenders, could be worth a good third of its £21m. equity capitalisation.

See also Page 32

### Ozalid/Venesta

Whether the recent sharp rise in Venesta was the *immediate* cause, or the effect, of Ozalid's 43p a share bid in shares and convertible, the latter's fierce rejection by Venesta will certainly open the field for any other contenders. The obvious area of interest to Ozalid is Venesta's graphics division, but as this only represents a capital investment of some £1½m., while the total value of the bid, including the 33 per cent. outstanding minority in Keizer Venesta and the preference capital, amounts to nearly £9m., Venesta's denial of the industrial logic is understandable.

For the rest, packaging and timber would represent diversification investments for Ozalid and the interests of both parties in showing how valuable they are, or will be, are identical. In terms of asset value, the starting point is about 60p a share, the net asset value if KV is taken at the bid price of 55p and properties at directors' valuation.

See also Page 31

### Gomme Holdings

Gomme's 1970-71 sales are well ahead of the furniture industry trend with a 22 per cent. rise, but profits are only 9 per cent. higher at £943,000 before tax. The squeeze on margins is explained by labour costs, expanding the night shift, and an under-pitched 5 per cent. price rise at the start of the year. With another 7½ per cent. rise under its belt there is margin recovery potential this year, but lack of capacity might be a limiting factor. Just as well, perhaps, that the shares are not taking too sanguine a view of the consumer uptrend—even if they look well supported with a useful 1971-72 earnings rise on the cards and an historic p/e of 12.3 at 212p.

See also Page 32



## Lombard

# Plight of world's "Great Excluded"

BY C. GORDON TETHER

A STRIKING—and extremely worrying—feature of the current world scene is the growing tendency for all the big problems of the day to be discussed and resolved by the top heavy-weights with an almost total disregard for the interests of all other countries. And the smaller OECD countries have, therefore, struck a blow for international justice in demanding that the membership of the organisation's new high-level trade committee should be broadened so that all those likely to be deeply affected by the deliberations will be able to participate in them.

The original intention even to refuse countries of such importance as Italy and Holland a seat on this body—in the alleged interest of making it more effective by restricting its numbers—is one example of the lengths to which the practice of excluding all but the most powerful Free World countries from the international decision-making process is being pushed. An even better one can be seen in the handling of the monetary crisis precipitated by the dollar's fall from grace.

### Tacitly agreed

The running in the great power contest this affair has sparked off is being made by barely half a dozen countries. It is the extent to which they are successful in defending their particular interests that will to a large extent determine the shape of the eventual settlement—or of the non-settlement, for that matter, if the other combatants were to decide that they are in just as good a position to play a waiting game as the Americans evidently think they are.

But though the 150 or so other countries of the world are effectively no more than bystanders, they are all apt to be deeply affected by the course the battle takes.

It has, for example, now been tacitly agreed between the U.S. and its main adversaries that the currencies of the other principal industrial countries ought to be revalued in terms of the dollar to help resolve the American payments problem. The only difference between them is about the extent of the adjustments to be made. Yet since a large number of the less-developed countries are under great pressure to retain their existing links with the dollar, the effect of such a realignment must be to increase materially the foreign exchange cost of a substantial slice of their imports.

### Rough time

The deterioration in the international currency situation has strengthened the forces that were already pressing down the exchange values of these countries' commodity exports. So they are clearly in for a rough time even if the process of devaluing the dollar by revaluing other currencies goes no further than it has so far.

Needless to say, the worries of the "great excluded" are not lessened by the interest some of the more influential countries of the world are displaying in throwing in their lot with power blocs on the argument that this is the only way left to them of defending themselves. "By associating ourselves with the other EEC countries," said Mr. Heath in his closing address to the Tory Party Conference last week, "we can work together to protect our interests and theirs in a way not possible were we to remain outside."

### "Defections"

The point is that, for a variety of reasons, there are large numbers of countries that do not wish to identify themselves with such blocs or whose economic and political circumstances are such that they would not be able to do so even if they wanted to.

If this is what the new "patterns of power" the Prime Minister referred to as the salient feature of the emergent new world are going to mean for those who won't or can't run for cover, the future for them must be regarded as grim indeed—to put it mildly. And it would be hardly surprising if they took the view that the greater the extent to which their numbers are reduced by "defections" to power blocs preoccupied with "protecting their own interests," the greater the danger of their interests being completely neglected.

It is surely high time, therefore, that the big powers who are now dominating the economic scene in such thorough-going fashion took a long hard look at the question of how the interests of the smaller fry are to be protected against the backwash of the pre-occupation of the big fish with protecting their own interests.

# Major changes announced for Cunard Boards

BY JAMES McDONALD, SHIPPING CORRESPONDENT

SWEEPING CHANGES in the Boards of Cunard Steam-Ship Company and its subsidiaries were announced, or forecast, last night by Mr. Victor Matthews, chairman and chief executive, who took over in late August after Trafalgar House Investments obtained control of the Cunard group.

The major change is that Mr. Norman Thompson—who has been operating the cargo side of Cunard—is to become managing director of Cunard Steam-Ship (the parent company under Trafalgar) and also becomes chairman and managing director of Cunard Line, the passenger ship subsidiary. Mr. Thompson—aged 50—joined Cunard from Swan Hunter early last year.

"I have been very impressed with Mr. Thompson—he is commercially minded," commented Mr. Matthews last night.

But Mr. P. H. Shirley, Lord Mancroft, Dr. K. G. Bergin, and Mr. J. D. M. Hearth are resigning from the Cunard Board.

Invited by Mr. Matthews to join the Parent Cunard Steam-Ship Board from within the shipping group are: Brigadier E. F. Parker—managing director of the subsidiary Off-Shore Marine for the past six years; Mr. W. B. Slater—managing director of Cunard Brocklebank, who has been with the group for the past 25 years; and Mr. J. M. Finister, at present managing director of Cunard Brocklebank Bulkers (he is also returning as managing director of H. E. Moss, the ship-broking subsidiary).

### Trafalgar policy

Commenting on the Board changes Mr. Matthews said: "They have been brought about in direct pursuit of Trafalgar's policy in having a divisional holding company Board comprising those who beneficially will be responsible for the principal operating subsidiaries.

"The composition of the subsidiary Boards will be announced to-morrow."

Mr. Matthews, asked about the departures from the Board of Cunard, said some of those leaving "will be entitled to fairly substantial sums of money." But he added: "There has been no row. This is exactly what we say it is.

"The people who are leaving are not basically known as shipping men. I have brought onto the Board people who have been in the shipping or ship-building business for a lifetime."

Mr. Thompson, a chartered accountant, was a deputy managing director of the Swan Hunter group when he left to join Cunard.

This present situation may not be parallel to but could be similar to the occasion when Clan Line Steamers (the Cayzer family) took over Union-Castle in the 1960s.

At that time the Cayzer family "released" a certain amount of top management from a rather unsuccessful company and promoted good quality middle management. Not many heads fell. The Cayzers, like Mr. Matthews, pride themselves on being "commercially minded."

See Men and Matters P20
Deal With American Express Page 35

# Ministers to hear CBI jobless plan to-day

By Harold Bolter, Industrial Correspondent

LEADERS of the Confederation of British Industry will put firm proposals for reducing heavy unemployment in the U.K. to Mr. John Davies, Secretary for Trade and Industry, and Mr. Robert Carr, Secretary for Employment, this morning.

It is believed that the CBI's President, Sir John Partridge, and its Director General, Mr. Campbell Adamson, will call for the introduction of further regional incentives, in an attempt to improve employment prospects in the worst-hit areas of the country.

The feeling within the CBI, as indicated in its recent industrial trends survey, is that unemployment could rise above its present level of 929,000 over the next six months, before the reflationary measures brought in by the Government start to have an effect.

### Specific help

The Confederation is particularly concerned about the need to alleviate high unemployment in such areas as Wales, parts of Scotland, and the North-East.

Although the CBI has not revealed its detailed proposals, Mr. Adamson has indicated that he feels that some areas need more specific help, in addition to the aid already available to development areas. He has also emphasised that the CBI feels action must be taken by the Government quickly.

CBI leaders hope to obtain a definite reaction to their proposals from the two Ministers, so that they can outline the whole scheme to a meeting of the CBI Council later to-day.

See also Page 8

# Property bond law concerns SE

BY PETER RIDDELL

THE LEVEL of protection which current legislation gives holders of property bonds and equity-linked life assurance schemes is inadequate and there should be some form of regulation, involving increased disclosure of information, greater control over advertising and the appointment of independent trustees.

These are the main recommendations in the Council of the Stock Exchange's memorandum to the Scott Committee, appointed by the Department of Trade and Industry last February to examine unit-linked life assurance schemes and the adequacy of the protection afforded by current legislation.

### World standards

Over the last few weeks evidence has been coming in to the Committee from all the main interested parties but the Stock Exchange has apparently gone further than anyone else so far in suggesting increased regulation, especially over advertising and disclosure. In part these ideas are only in line with the Stock Exchange's existing stringent requirements for obtaining a public quotation but they also reflect the approval last week of an international set of standards of good practice for the administration of mutual funds.

The Council of the Stock Exchange draws attention to the point that the sale of investments coupled with life assurance is regarded as the sale of life assurance, however small the life assurance element, and thus unit-linked schemes are at present outside the law and effectively unsupervised by any public authority.

In reaching its conclusions the Council has also been influenced by the fact that although holders of bonds have some of the attributes of equity shareownership in placing their capital at risk, they do not have the normal rights of equity shareholders. They do not, for example, have any opportunity to express their views and have no power to remove managers with whom they are dissatisfied.

The Council therefore suggests that a form of licensing system ought to be set up similar to that already applying to investment circulars under the 1958 Prevention of Fraud Act. The largest assurance companies should be exempt to a large measure from any regulations introduced.

It is also argued that independent trustees should be appointed to protect unitholders, as already happens with unit trusts. All property should be vested in the trustees who should also have the power to remove managers and appoint new ones.

A new feature of the Council's evidence is the suggestion that annual general meetings should be held and unitholders should have the right to attend and vote on certain matters, including the appointment and removal of managers or valuers.

In its general proposals the Council concentrates on the disclosure aspect with a mandatory requirement for setting out in advertisements the proportion of the assurance element in relation to the investment part. It is also recommended that advertisements should contain statements by the managers that they individually accept full responsibility for the accuracy of the information included.

Greater regulation of advertisements and selling methods in general is also put forward, involving the disclosure of management charges, a performance record, the basic investment policy, any investments in other property funds, and the fund's policy as to liquidity. The Council also argues that "such phrases as 'Backed by ... Ltd.' should not be used unless it is made abundantly clear what the 'backing' actually represents, as, otherwise, they could lull many investors into a completely false sense of security."

## Weather

U.K. TO-DAY

Most places will have sunny spells and showers, which will be quite frequent especially in the N. There may also be longer outbreaks of rain.

S.W. England and S. Wales will become rather less showery later in the day or during the evening. It will be a less windy day generally.

**London: S.E. Cent. S., E. N.W. and Cent. N. Eng., E. Anglia, Midlands: N. Wales**

Sunny spells and showers. Local hail; perhaps longer outbreaks of rain. Wind W. fresh, locally strong. Max. 14C (57F).

**Channel Is; S.W. Eng.; S. Wales**

Sunny spells and showers. Local hail. Becoming mainly dry later. Wind W. backing S.W. fresh. Max. 14C (57F).

**Lakes; I. of Man; N.E. England; Borders; E. and S.W. Scotland; Glasgow; N. Ireland**

Showers, heavy at times with hail and thunder; perhaps longer outbreaks of rain. Wind W. fresh or strong. Max. 11C (52F).

**Edinburgh; Cent. Highlands; Dundee; Caithness; Argyll; N.W. Scotland; Orkney; Shetland**

Showers, heavy at times with hail and thunder; perhaps long outbreaks of rain. Snow on high ground. Wind W. fresh strong. Max 8C (46F).

Outlook: Rain or showers most places, but also sunny spells.

Lighting-up: London 19.28; Glasgow 18.36; Belfast 18.45.

BUSINESS CENTRES

| | | Y'day Mid-day °C | °F | | | Y'day Mid-day °C |
|---|---|---|---|---|---|---|
| Amstrdm. | C | 17 | 63 | Luxembrg. | C | 15 |
| Bahrain | S | 31 | 87 | Madrid | S | 21 |
| Beirut | S | 27 | 81 | Manchstr. | R | 12 |
| Belfast | R | 9 | 48 | Melbourne | R | 14 |
| Belgrade | S | 13 | 55 | Mexico C. | C | 21 |
| Berlin | C | 19 | 66 | Milan | S | 15 |
| Birmghm. | R | 11 | 52 | Moscow | F | 1 |
| Bristol | R | 15 | 59 | Munich | S | 15 |
| Brussels | F | 18 | 64 | Newcastle | C | 12 |
| Budapest | S | 13 | 55 | Oslo | R | 5 |
| B. Aires | R | 21 | 69 | Paris | C | 15 |
| Cairo | S | 26 | 79 | Prague | S | 18 |
| Cardiff | R | 12 | 54 | Reykiavik | S | 9 |
| Cologne | C | 17 | 63 | Rio de J'o | S | 23 |
| Copnhagn. | R | 13 | 53 | Rome | S | 19 |
| Dublin | F | 13 | 55 | Singapore | S | 30 |
| Edinb'rgh | C | 11 | 52 | Stockholm | C | 11 |
| Frankfurt | F | 18 | 64 | Strasbourg | S | 19 |
| Geneva | F | 17 | 63 | Sydney | C | 18 |
| Glasgow | F | 11 | 52 | Tehran | S | 20 |
| Helsinki | R | 9 | 48 | Tel Aviv | F | 25 |
| H. Kong | S | 26 | 78 | Tokyo | C | 18 |
| Jo'burg | C | 17 | 63 | Vienna | F | 15 |
| Lisbon | S | 22 | 72 | Warsaw | F | 16 |
| London | R | 17 | 63 | Zurich | S | 15 |

HOLIDAY RESORTS

| | | Y'day Mid-day °C | °F | | | Y'day Mid-day °C |
|---|---|---|---|---|---|---|
| Ajaccio | S | 22 | 72 | Jersey | R | 17 |
| Alxndria. | C | 25 | 77 | Las Plms. | F | 24 |
| Algiers | S | 25 | 77 | Locarno | S | 15 |
| Athens | C | 18 | 64 | Luxor | S | 36 |
| Barcelona | S | 21 | 70 | Majorca | S | 22 |
| Biarritz | S | 24 | 75 | Malaga | S | 24 |
| Blackpool | C | 12 | 54 | Malta | F | 21 |
| Bordeaux | S | 22 | 73 | Nairobi | S | 23 |
| Boulogne | C | 17 | 63 | Naples | S | 19 |
| Casablnca. | F | 23 | 73 | Nassau | S | 30 |
| Cape Tn. | S | 22 | 72 | Nice | S | 20 |
| Corfu | S | 20 | 68 | Nicosia | S | 24 |
| Dubrovnik | S | 18 | 64 | Oporto | S | 19 |
| Faro | S | 26 | 79 | Rhodes | S | 22 |
| Florence | S | 17 | 63 | Salzburg | S | 12 |
| Funchal | S | 25 | 77 | St. Moritz | S | 11 |
| Gibraltar | C | 20 | 68 | Tangier | S | 24 |
| Guernsey | R | 15 | 59 | Tenerife | S | 23 |
| Innsbruck | S | 15 | 59 | Tunis | F | 29 |
| Inverness | C | 10 | 50 | Valencia | S | 23 |
| I. of Man | C | 13 | 55 | Venice | F | 15 |
| Istanbul | D | 12 | 54 | | | |

S—Sunny. F—Fair. C—Cloudy. D—Drizzle. R—Rain.

# Emminger sees some hope on U.S. payments balance

BY ROBERT MAUTHNER

PARIS, Oct. 19.

DR. OTMAR EMMINGER, vice-president of the Bundesbank, said here to-day that the exchange-rate adjustments required to bring the U.S. balance of payments back into equilibrium would take place in a much better world economic climate than was generally supposed.

"Difficult though this adjustment in the world's payments situation will be it is at least likely to take place at a time when there will be some increase in the rate of expansion of the world economy" he said at a Press conference after a two-day meeting of the OECD Working Party 3, which deals with balance-of-payments problems.

Dr. Emminger, who chaired the meeting, revealed that according to provisional forecasts by the OECD Secretariat the growth rates of both the U.S. and six of the world's most important industrialised nations would be considerably higher in the first half of 1972 than in 1971.

### GNP rises

In the U.S. GNP in real terms was expected to increase by 6.5 per cent. in the first half of 1972 over the second half of 1971, compared with an annual growth rate of only 3.1 per cent. for 1971 as a whole. The combined average growth rate in the same period of the six other countries—Japan, Canada, West Germany, France, Italy and the U.K.—was expected to be 4.6 per cent., against 3.9 per cent. for the whole of 1971.

Dr. Emminger declined to give details of the projected growth rates of individual countries in this group, except for West Germany, which he said was expected to see her GNP increase by no more than 1.8 per cent. during the first half of 1972, compared with the previous six-month period. It is thought that the OECD projection for the increase in Britain's real GNP during this period will be of the order of 3.4 per cent.

Although he admitted that the Central Bankers and high monetary officials in Working Party Three could not agree on the size of the swing needed to bring the U.S. balance of payments into equilibrium, or the sacrifices to be made by the other OECD countries, Dr. Emminger thought this should not be considered a setback.

It had never been the purpose of the meeting to hold negotiations on this subject and even less to decide on the exchange-rate readjustments required to attain what must necessarily be a theoretical target.

But now that the views of the participants were clarified, there was every reason to expect progress at a Ministerial meeting of the Group of Ten in mid-November, and Dr. Emminger was confident that a decision to hold this meeting would be taken by the Group of Ten deputies at the end of their discussions to-morrow. Only Ministers could now make the necessary decisions, he said.

Dr. Emminger's soothing remarks could not hide the fact that there was still a very wide gap to be bridged between the U.S. on the one hand and the European countries and Japan on the other before they could get down to detailed negotiations.

The American view that there must be a $13,000m. swing in the overall balance of payments to achieve a reasonable basic surplus is considered excessive by both the OECD Secretariat and the Europeans and Japanese.

According to Dr. Emminger, both the American estimates of future deterioration of the U.S. current account and the size of the current account surplus which the U.S. is aiming at in 1972—some $9,000m., including errors and omissions—were questioned during the Working Party 3 discussions. The OECD Secretariat's conclusion is that a turn-round of no more than $8,000m. is required in 1972 on a full employment basis to achieve equilibrium, and only about $5,000m. if the current situation is taken as a basis of calculation.

### 'Too ambitious'

The targets for their own balance of payments surpluses put forward by the European countries and Japan were much too ambitious, according to the OECD Secretariat, to allow a swing in the American balance of even the lower figure proposed by the Organisation's monetary experts.

Dr. Emminger made clear that the Group of Ten deputies, who began their discussions this afternoon, would not discuss exchange-rate adjustments but would be concerned mainly with preparing the ground for next week's discussions of OECD Ministers on international monetary reform.

# Power unions may seek 12% pay package

By Alex Hendry

A MAJOR PAY row in the electricity supply industry is likely to begin to-day when union leaders are expected to demand a new package deal that would add more than 12 per cent. to the industry's wages bill.

Last year, the negotiations led to a work-to-rule—called off because of strong public reaction—and then the Wilberforce inquiry. It awarded increases which the Government said would raise earnings by 10.9 per cent., and the unions claimed were worth around 15 per cent.

The award included increases on the basic rates of £2 a week. At to-day's meeting the unions, who have already told the Electricity Council they want a substantial increase, are expected to seek between £2 and £3 a week more.

They have also demanded a reduction in the working week, probably from 40 hours to 38, and an extra week's holiday. The whole package is backed by the threat of industrial action by a number of sections in the industry.

Mr. Jack Biggin, national officer with the General and Municipal Workers' Union and secretary of the trade union side, said last night that the cost-of-living increases had virtually eroded all the benefits of last year's Wilberforce settlement.

He added that the unions would also be demanding that the agreement reached last March that there would be no compulsory redundancy in the industry until the end of this year would have to be extended.

# Schiller defends D-Mark float

BY MALCOLM RUTHERFORD

BONN, Oct. 19.

PROFESSOR Karl Schiller, the West German Economics Minister, to-day delivered an impassioned defence of the floating of the D-Mark, and strongly attacked those countries which refused to allow their currencies to float freely or had resorted to exchange controls.

"The disturbances in the international monetary sphere," he told Parliament, "lie not in floating, but in administrative controls."

Although Prof. Schiller declined to name the offenders, there was no doubt whatsoever that he had in mind chiefly France, but also, perhaps, Britain.

Countries with fully or half-controlled exchange rates, he said, "may acquire short-term competitive advantages, but in fact they are making a present—through their exports—of their own resources and their own wealth."

Diplomatic sources declined to comment on whether they thought the reference to "half-controlled" rates was directed at Britain.

However, it was announced to-day that Prof. Schiller would visit London on November 3 for a day of talks with Mr. Anthony Barber, the Chancellor of the Exchequer.

The visit is the result of a fairly long-standing British invitation, but it is understood the date was brought forward to allow the two men to have a detailed, bilateral exchange of views before the full-scale meeting of the Group of Ten on November 15.

The effects of the current 10 per cent. de facto D-mark revaluation on the German economy, he said, had been overdramatised. The revaluation rate against all trading partners (as distinct from against the dollar alone) was only 7 per cent.

The Minister singled out the Swiss, the Japanese, the Canadians and the Dutch as having acted fairly according to his rules. But because of other countries' use of controls the D-mark was overvalued in relation to some currencies. This is where he clearly meant the French franc and, perhaps, sterling.

His speech was notably sympathetic to the Americans. The U.S., he said, had already shown its readiness to abolish the import surcharge if other countries would contribute to an improvement in its balance of payments. The conditions were a reduction of special trading preferences and a decision to allow currencies to find their own value on the exchange markets. Europe, he added, should be prepared to use this readiness for compromise.

# U.K. DELEGATION HEAD TAKES UP EEC POST

Mr. Michael Palliser yesterday presented his credentials in Brussels as head of the U.K. Delegation to the European Communities. Mr. Palliser's previous post was that of Minister at the British Embassy in Paris.

He is expected to remain in Brussels after Britain joins the Community, as British Permanent Representative.